



PRESS RELEASE

Attorney General Frosh Announces \$95 Million Settlement with Deutsche Bank
*Settlement Resolves Claims of Misleading Investors that Purchased Residential Mortgage Backed Securities;
Provides \$80 Million in Relief to Maryland Consumers*

BALTIMORE, MD (June 1, 2017) – Maryland Attorney General Brian E. Frosh announced today that the Securities Division of the Office of Attorney General has reached a \$95 million settlement with Deutsche Bank, resolving financial crisis-era civil claims that Deutsche Bank misled investors in its securitization and sale of residential mortgage-backed securities (RMBS) and related collateralized debt obligations (CDOs). As part of the settlement, Deutsche Bank will be required to provide \$80 million in relief to Maryland consumers. The \$95 million settlement is the largest reached by a state for Deutsche Bank’s financial-crisis era RMBS-related conduct.

“Deutsche Bank has acknowledged that it deceived investors about the quality of the residential mortgages backing their complex securities,” said Attorney General Frosh. “Its conduct, and that of other investment banks, fueled the financial crisis and aided unfair and predatory lending practices. This settlement recoups losses that Maryland suffered through investments in Deutsche Bank securities and also ensures that Maryland consumers will receive relief from the Department of Justice settlement entered into during the Obama Administration.”

Deutsche Bank did not lend directly to consumers, but rather packaged and sold mortgages into complex securities known as RMBS and CDOs. In this process, Deutsche Bank had an obligation to provide complete and accurate information to investors. Despite this obligation, Deutsche Bank acknowledges that it misled investors. By misrepresenting key characteristics of the loans that it securitized, Deutsche Bank concealed from investors and rating agencies the true risk of losses of its RMBS. In doing so, Deutsche Bank deprived investors of their right to make an informed decision about whether they should invest in those RMBS.

The settlement announced today will provide \$15 million in restitution for state and local government investments, and earmarks \$80 million for consumer relief from the Department of Justice’s settlement. Consumer relief will be provided in the forms of mortgage forgiveness and forbearance, low to moderate income lending, neighborhood reinvestment and stabilization, and affordable housing financing. In addition to the monetary settlement, Deutsche Bank also reaffirmed the detailed statement of facts agreed to with the United States Department of Justice.

Maryland's investigation began as a participant in the Department of Justice's RMBS Working Group.

In making today's announcement, Attorney General Frosh thanked Assistant Attorney General Max F. Brauer for his work on the case.

The entire settlement package can be found at:

http://www.marylandattorneygeneral.gov/news%20documents/Deutsche_Bank_CO.pdf