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Investors' $187M Big Bank Deals OK'd In Libor Rigging Case

By **Reenat Sinay**

Law360 (March 3, 2020, 9:08 PM EST) -- An investor class won initial approval of a $187 million settlement with Deutsche Bank, JPMorgan and five other big banks in New York federal court Monday in multidistrict litigation claiming that the banks rigged the London Interbank Offered Rate benchmark.

U.S. District Judge Naomi Reice Buchwald greenlit the deal resolving allegations brought by a certified class of exchange-based traders that the seven banks participated in a scheme to fix Libor rates, the average interest rate at which major banks in London borrow money from one another.

Under the terms of the agreement, investors who dealt in Eurodollars futures and/or options on the Chicago Mercantile Exchange from January 2003 through May 2011 can file a claim for a cut of the settlement.

Deutsche will shell out the most by far, at $80 million, followed by $33.4 million to be paid by Citibank, $19.975 million by Barclays, HSBC's $18.5 million deal, $15 million each for JPMorgan and Bank of America, and **$5.125 million** by Societe Generale, according to the order.

The exchange-based investors were told to **rework their distribution plan** in May of last year after Judge Buchwald **questioned their reliance** on a "flawed and inadmissible" expert analysis to prop up the distribution method slotted for the vast majority of the funds.

The class said it would modify its plan to rely mainly on the net loss method that Judge Buchwald had suggested, and she preliminarily approved the revised distribution plan in September, according to court documents.

The exchange-based trader class is behind one of many suits filed in the wake of Barclays Bank PLC's admittance in 2012 that it had been one of a number of banks lying about the interest rates it actually expected to pay in order to manipulate the rate.

The investors contend that the major financial institutions deliberately lowballed their submissions in the Libor rate-setting process to manipulate the benchmark. And as a result, the banks raked in hundreds of millions, and perhaps even billions, of dollars in ill-gotten gains, according to case filings.

Also leveling allegations are so-called over-the-counter investors such as the city of Baltimore and Yale University, as well as a set of credit unions. The over-the-counter investors have **reached settlements** with several of the banks over the last few years.

Other deals have also been struck in various corners of the litigation, including a $1 million deal between UBS AG and a group of lenders that got a preliminary nod of approval in January.

Representatives for the parties did not immediately respond Tuesday to requests for comment.

The exchange-based traders are represented by David E. Kovel, Karen M. Lerner and Thomas W. Elrod of Kirby McInerney LLP and Christopher Lovell, Gary S. Jacobson and Jody R. Krisiloff of Lovell Stewart Halebian Jacobson LLP.

The banks are represented by Hogan Lovells, Davis Polk & Wardwell LLP, Sullivan & Cromwell LLP, Boies Schiller Flexner LLP, Covington & Burling LLP, Cleary Gottlieb Steen & Hamilton LLP, Milbank LLP, Cahill Gordon & Reindel LLP, Paul Weiss Rifkind Wharton & Garrison LLP, Locke Lord LLP, Simpson Thacher & Bartlett LLP, Katten Muchin Rosenman LLP, Sidley Austin LLP, WilmerHale, Mayer Brown LLP, Clifford Chance LLP, Latham & Watkins LLP, Gibson Dunn & Crutcher LLP and Hughes Hubbard & Reed LLP.

The case is In re: Libor-based Financial Instruments Antitrust Litigation, case number 1:11-md-02262, in the U.S. District Court for the Southern District of New York.

--Additional reporting by Bryan Koenig, Anne Cullen and Nadia Dreid. Editing by Michael Watanabe.
