

# **Attorney General Pam Bondi News Release**

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## **Multimillion Dollar Settlement Reached in Municipal Bond Derivatives Scheme**

**TALLAHASSEE, Fla.—Attorney General Pam Bondi and 20 other state attorneys general today announced multimillion dollar settlements with two financial institutions, Natixis Funding Corp. and Societe Generale, in connection to a municipal bond derivative scheme targeting governments and nonprofits across the country. Municipal bond derivatives are contracts used by tax-exempt issuers to reinvest proceeds of bond sales until the funds are needed, or to hedge interest-rate risk.**

**As part of the coordinated settlements, Natixis will pay more than \$29 million and Societe Generale will pay more than \$26 million. In accordance with the terms of a class settlement agreement, more than \$53 million will be paid into a settlement fund and largely applied to restitution for eligible governmental entities and nonprofits that entered into municipal derivatives contracts with the two institutions.**

**The settlements are the sixth and seventh multistate settlements with financial institutions resulting from a multistate investigation that began in 2008. These most recent settlements increase the total paid by financial institutions as a result of the investigation to more than \$400 million.**

**The investigation revealed anti-competitive and fraudulent conduct involving individuals at multiple large financial institutions, including Natixis and Societe Generale, and certain brokers working with the institutions. Rather than establishing honest and fair contract terms for the municipal derivative sales, certain employees and their counterparts at other institutions rigged bids and submitted noncompetitive courtesy bids and fraudulent certificates of arms-length bidding to government agencies. The misconduct led local and state governments, as well as nonprofits, to enter into municipal derivatives contracts on less advantageous terms than the governments and nonprofits would have otherwise entered.**

**In addition to Florida, the other states participating in the two settlements include: Colorado, Connecticut, Idaho, Illinois, Iowa, Kansas, Maryland, Michigan, Missouri, Montana, Nevada, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, Tennessee and Wisconsin.**