



STATE OF IDAHO
OFFICE OF THE ATTORNEY GENERAL
LAWRENCE G. WASDEN

For Immediate Release
Media Contact: Kriss Bivens Cloyd
(208) 334-4119

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Wasden Announces Settlements With Natixis And Societe Generale

(Boise) - Attorney General Lawrence Wasden has reached multimillion dollar settlements with Natixis Funding Corp. and Societe Generale for alleged fraudulent and anticompetitive conduct in municipal bond transactions involving governments and nonprofits across the country.

Natixis and Societe Generale will pay \$29,950,000 and \$26,750,000 respectively as part of a coordinated 22-state and private class settlement. Under terms, \$53,865,000 will be paid into a settlement fund and largely applied to restitution for municipalities, counties, government agencies, school districts and nonprofits that entered into municipal derivatives contracts with Natixis or Societe Generale.

“I appreciate that Natixis Funding Corp. and Societe Generale and the states were able to reach an agreement to address our concerns and resolve this matter,” Wasden said. “Idaho government entities often participate in bond offerings. When attendant costs are inflated by unlawful anticompetitive practices, I have a duty to the taxpayers to recover the lost money and stop the unlawful activity.”

The settlements are the sixth and seventh to be resolved in the wake of a multistate investigation that included the U.S. Department of Justice and other federal regulatory agencies. In 2008, the state attorneys general began their investigation of the municipal bond derivatives market, where tax exempt entities like governments and nonprofit organizations issue municipal bonds and reinvest the proceeds until the funds are needed or enter into contracts to hedge interest rate risk.

The investigation revealed anticompetitive and fraudulent conduct involving individuals at a number of large financial institutions, among them Natixis and Societe Generale, and certain brokers with whom they had worked. Rather than establishing honest and fair contract terms for the municipal derivative sales, the Attorneys General alleged that certain Natixis and Societe Generale employees and their counterparts at other institutions rigged bids, 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 they would have otherwise.

Information concerning the claims process for entities affected by these settlements will be made available later this year.

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