

AG Brnovich Announces \$100M Settlement with Citibank for Manipulating LIBOR

PHOENIX - Attorney General Mark Brnovich today announced a \$100 million settlement with Citibank which resolves allegations that Citibank fraudulently and collusively manipulated LIBOR. LIBOR is a benchmark interest rate that affects financial instruments worth trillions of dollars and has a widespread impact on global markets and consumers. Approximately \$2.75 million in restitution will be distributed to Arizona nonprofit organizations that were affected.

The multistate group of 42 attorneys general alleged Citibank misrepresented the integrity of the LIBOR benchmark to state and local governmental, nonprofit, private, and institutional trading counterparties by concealing, misrepresenting, and failing to disclose:

(a) Citibank, at times, made USD LIBOR submissions to avoid negative publicity and protect the reputation of the bank;

(b) Citibank's USD LIBOR submitters, on occasion, asked Citibank personnel in other units of the bank to avoid offering higher rates than Citibank's USD LIBOR submissions;

(c) Citibank expressed belief that other banks, at times, made USD LIBOR submissions that were inconsistent with their borrowing rates and contributed to inaccurate LIBORs.

Nonprofit organizations in Arizona and throughout the U.S. were defrauded of millions of dollars when they entered into interest rate swaps and other investment instruments with Citibank without knowing that Citibank and other banks on the U.S. dollar (USD)-LIBOR-setting panel were manipulating LIBOR and colluding with other banks to do so.

Nonprofit entities with LIBOR-linked swaps will be notified if they are eligible to receive a distribution from a settlement fund of \$95 million. The balance of the settlement fund will be used to pay costs and expenses of the investigation and for other uses consistent with state laws.

Citibank is the third of several USD-LIBOR-setting panel banks under investigation by the State Attorneys General to resolve the claims against it. With the Citibank settlement, the States have collected \$420 million in payments from the three banks, almost all of which will be distributed to state and local government entities and nonprofits that have been harmed by these banks' wrongful conduct.

Other states joining Arizona in the Citibank settlement include: Alabama, Alaska, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Montana, Nebraska, Nevada, New Jersey, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Utah, Virginia, Washington, West Virginia, and Wisconsin.

The investigation into the conduct of other USD LIBOR-setting panel banks is ongoing.

Arizona Attorney General

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