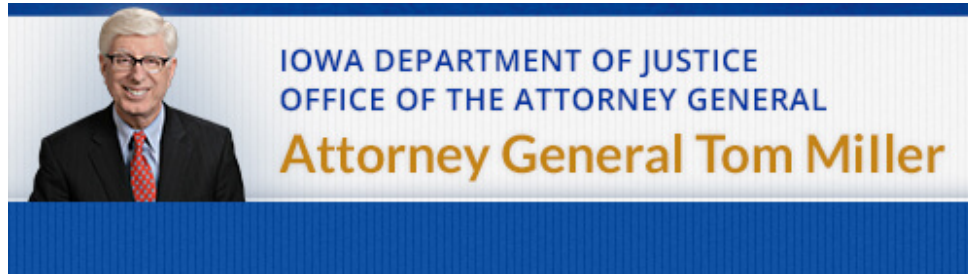


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June 15, 2018

## AG Miller announces \$100 million 42-state settlement with Citibank for manipulating interest-rate benchmark

### To date, state AGs have recovered \$420 million from LIBOR-setting banks for misconduct

Iowa Attorney General Tom Miller announced a \$100 million [multistate settlement today with Citibank](#) for fraudulent conduct involving U.S. Dollar LIBOR, which is a benchmark interest rate that affects financial instruments worth trillions of dollars and has a widespread impact on global markets and consumers. The investigation was conducted by a bipartisan working group of 42 state attorneys general offices.

The actions by Citibank caused LIBOR, or the London Interbank Offered Rate, to fall, which harmed investors who had purchased credit derivatives called interest-rate swaps.

“Citibank’s manipulation of rates cost school districts and state and city governments millions of dollars,” Miller said.

Banks use LIBOR to set rates on credit card, mortgage, student loan and other transactions, and to determine the cost of borrowing from one another.

The attorneys general alleged that in 2008 and 2009, 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 that: (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; and (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.

Given this conduct, Citibank had reason to believe that its and other banks’ LIBOR submissions did not reflect their true borrowing rates in accordance with

the established public guidance. Citibank did not disclose this to the governmental and nonprofit counterparties with which Citibank executed LIBOR-referenced transactions, even though these rates were material terms of the transactions.

As a result of its fraudulent conduct, Citibank made millions in unjust gains when government entities and nonprofit organizations entered into swaps and other financial contracts with Citibank without knowing that Citibank and other banks on the USD LIBOR-setting panel were manipulating LIBOR submissions.

Governmental and nonprofit entities with LIBOR-linked swaps and other investment contracts with Citibank 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 to resolve claims following investigation by state attorneys general. The attorneys general 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.

[In October, Iowa and the states reached a \\$220 million settlement with Deutsche Bank](#) for rigging LIBOR. As a result, the Iowa Public Employees' Retirement System (IPERS) received a \$112,805 payment. In 2016, Barclays Bank PLC and Barclays Capital agreed to pay \$100 million nationally, as part of a settlement with Iowa and 43 states.

Pursuant to the settlement agreement, Citibank will continue to cooperate with the states' ongoing investigation into other USD LIBOR-setting panel banks.

In addition to Iowa, the settlement was reached by the attorneys general of New York, Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, District of Columbia, Delaware, Florida, Georgia, Idaho, Illinois, Indiana, Kansas, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Montana, Nebraska, Nevada, New Jersey, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Utah, Virginia, Washington, West Virginia and Wisconsin.

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