



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

For Immediate Release
Media Contact: Scott Graf
scott.graf@ag.idaho.gov
(208) 334-4112

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Attorney General Lawrence Wasden Announces Idaho's Participation in \$100 Million Multistate Settlement with Citibank over LIBOR Manipulation

(BOISE) - Attorney General Lawrence Wasden today announced a \$100 million settlement with Citibank for fraudulent conduct involving the manipulation of LIBOR. This is a benchmark interest rate that affects financial instruments worth trillions of dollars and has a widespread impact on global markets and consumers.

After an investigation involving 42 states, attorneys general allege that Citibank manipulated LIBOR in a number of ways. This includes the company misrepresenting the integrity of the LIBOR benchmark to trading counterparties, including state and local governmental agencies and not-for-profit institutions. Also, Citibank's U.S. Dollar (USD) LIBOR submitters, on occasion, asked personnel in other units of the bank to avoid offering higher rates than Citibank's USD LIBOR submissions. Citibank expressed belief that other banks, at times, made USD LIBOR submissions inconsistent with their borrowing rates and contributed to inaccurate LIBORs. Citibank also made LIBOR submissions to avoid negative publicity and protect its reputation.

Given this conduct, the company had reason to believe that Citibank's and other banks' LIBOR submissions did not reflect their true borrowing rates. Citibank did not disclose this to the governmental and not-for-profit counterparties. As a result, government entities and not-for-profit organizations in Idaho and throughout the U.S. were defrauded of millions of dollars when they entered into swaps and other investment instruments with Citibank without knowing about the manipulations. Meanwhile, the bank made millions of dollars in unjust gains.

"The LIBOR manipulation we alleged was an example of big banks losing sight of honest and ethical business practices," Wasden says. "As a result, governmental and non-profit entities in Idaho suffered. I commend Citibank for addressing these allegations and providing a way for affected parties to be made whole."

Governmental and not-for-profit 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 LIBOR-setting panel banks under investigation by state attorneys general to resolve the claims against it. States settled with Barclays in 2016 for \$100 million and with Deutsche Bank in 2017 for \$220 million.

Pursuant to the settlement agreement, Citibank will continue to cooperate with states' ongoing LIBOR-related investigations.

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