

PRESS RELEASE

# Citibank to Pay \$100 Million for Allegedly Defrauding Government, Nonprofit Entities with Manipulated Interest Rates

Multistate Investigation Has Recovered More Than \$400 Million from Banks for LIBOR Violations; AG Healey Continues to Investigate Others in the Industry

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Office of Attorney General Maura Healey

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**BOSTON** — Citibank has agreed to pay \$100 million to settle allegedly fraudulent conduct relating to the manipulation of LIBOR interest rates that misled governmental and nonprofit entities in Massachusetts and across the nation, Attorney General Maura Healey announced today.

The investigation, conducted by AG Healey and 42 state attorneys general, revealed that Citibank allegedly misrepresented the integrity of LIBOR rates, which are benchmark rates that banks charge each other on short-term loans, to certain trading counterparties. According to materials referenced in the settlement agreement, Citibank's U.S. dollar LIBOR submitters also asked Citibank personnel in other units of the bank to avoid offering higher rates than its submissions. As a result of this allegedly fraudulent conduct, Citibank made millions in unjust gains at the expense of government entities and nonprofits across the country.

"Citibank's manipulative actions have defrauded Massachusetts organizations of millions of dollars and betrayed the public trust in the global financial system," said AG Healey. "This settlement ensures that affected institutions will receive restitution. Our investigations into other financial institutions continue."

LIBOR is calculated through submissions of interest rates by major international banks. It has a widespread influence on global markets and consumers as many financial institutions set their own rates relative to LIBOR.

The investigation revealed [that banks manipulated their LIBOR submissions](#) and uncovered Citibank emails discussing a perceived need to alter the LIBOR numbers. Citibank also allegedly moved its LIBOR submissions up after a *Wall Street Journal* article on April 16, 2008, questioned whether LIBOR was actually reflective of panel banks' borrowing rates, according to Citibank emails revealed during the course of the investigation.

The investigation also uncovered communications allegedly showing that Citibank personnel believed that LIBOR manipulation was widespread in the industry.

These communications occurred while Citibank was entering into financial transactions based on LIBOR, but the bank kept information about LIBOR manipulation in the industry to itself.

Eligible Massachusetts governmental and nonprofit entities are being notified of the opportunity to receive funds under the settlement. The balance of the \$100 million multistate settlement fund that is not distributed to eligible investors will be paid to the multistate group of investigating states.

Citibank is the third of several banks responsible for setting U.S. dollar LIBOR under investigation by today's coalition of state attorneys general to settle allegations of wrongdoing. The coalition previously reached settlements with [Barclays](#) and [Deutsche Bank](#). With the Citibank settlement, Massachusetts and

the other states have collected a total of \$420 million, almost all of which will be distributed to state and local government entities and nonprofits that have been harmed by wrongful conduct from these banks.

Pursuant to the settlement agreement, Citibank will continue to cooperate with the states' ongoing investigation.

Today's coalition of state attorneys general includes Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, District of Columbia, Delaware, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Montana, Nebraska, New York, Nevada, New Jersey, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Utah, Virginia, Washington, West Virginia, and Wisconsin.

This matter is being handled by Assistant Attorneys General Madonna Cournoyer, Brook Kellerman, and Diana Hooley, and Division Chief Glenn Kaplan, all of AG Healey's Insurance and Financial Services Division.

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