



## PRESS RELEASE

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### **Attorney General Frosh Announces \$100 Million Multistate Settlement with Citibank for Manipulating Interest Rate Benchmarks**

**BALTIMORE, MD (June 15, 2018)** - Maryland Attorney General Brian E. Frosh today announced a \$100 million settlement with Citibank for fraudulent conduct involving U.S. Dollar (USD) 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.

The investigation was conducted by a working group of 45 State Attorneys General offices, led by the Offices of the Attorneys General of New York, Connecticut, Maryland, Massachusetts, California and Illinois. The State Attorneys General allege that Citibank misrepresented the integrity of the LIBOR benchmark to state and local governmental, not-for-profit, 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 Citibank's 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 not-for profit counterparties with whom 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 not for profit 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.

"Citibank manipulated the financial system for its own gain and at the expense of Maryland local agencies and non-profits," said Attorney General Frosh. "As a result of this settlement, victims will receive compensation for the illegal conduct of one of the world's largest banks."

Governmental and not-for-profit entities in Maryland with LIBOR-linked swaps and other investment contracts with Citibank will receive approximately \$2 million 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 not for profits that have been harmed by these banks' wrongful conduct. Pursuant to the settlement agreement, Citibank will continue to cooperate with the States' ongoing investigation.

Other states joining New York in the Citibank settlement include: 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, Nevada, New Jersey, 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.