

BREAKING NEWS

AG Hawley Announces a \$100 Million Multistate Settlement with Citibank for Manipulating Interest Rate Benchmarks

Jun 15, 2018, 13:56 PM

Jefferson City, Mo. – Attorney General Josh Hawley today announced a \$100 million multistate 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 42 State Attorneys General offices. 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 interest rates for their own benefit and to the detriment of Missouri retirement and non-profit funds," Hawley said. "This settlement puts wrongfully obtained money back into those public funds."

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.

Along with [Deutsche Bank](#) and Barclays, 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. The Attorney General's Office benefits from the information and evidence provided by corporations that timely cooperate with the Attorney General's investigations. Such cooperation can facilitate civil enforcement efforts, including the distribution of funds to victims of the offense.

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, New Mexico, 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.

[View More News](#)

