



## ATTORNEY GENERAL LAXALT ANNOUNCES \$100 MILLION 42-STATE SETTLEMENT WITH CITIBANK

*To Date, State AGs Have Recovered \$420 Million from USD LIBOR-Setting Panel Banks for Misconduct*

June 15, 2018

**Carson City, NV** – Today, Nevada Attorney General Adam Paul Laxalt announced a multi-state settlement with Citibank, N.A., for fraudulent and anti-competitive conduct involving the manipulation of the London Interbank Offered Rate, or LIBOR. LIBOR is an interest rate that has a widespread impact on global markets and consumers, including being used as a basis in financial contracts such as swaps and as a benchmark rate for mortgages. 42 state Attorneys General offices including Nevada participated in a multi-state working group to reach this settlement.

The LIBOR is set daily by rate submissions received from a panel of several banks, including Citibank. The basis for any particular rate submission to LIBOR is generally meant to reflect each bank’s assessment of the rates at which it can borrow unsecured funds from itself. After an investigation into Citibank’s conduct concerning LIBOR rate submissions, Nevada and other states have alleged that Citibank misrepresented the integrity of the LIBOR benchmark to governmental, not-for-profit, and private institutional trading counter-parties at various times during the financial crises between 2007 and 2009.

Specifically, Citibank allegedly failed to disclose to those customers that it had submitted inaccurate LIBOR assessments to conceal that it was facing financial difficulties and to protect its reputation; that its LIBOR submitters had at various times asked Citibank personnel in other units of the bank to avoid offering borrowing rates higher than its LIBOR submissions; and that it had expressed a belief that other banks had made LIBOR submissions that were inconsistent with their borrowing rates, contributing to inaccurate LIBOR rates.

Based on this conduct, Citibank had reason to believe that its LIBOR submissions and those of other banks did not reflect their true borrowing rates in accordance with established public guidance. Citibank did not disclose this information to the government and not-for-profit counter-parties with whom it executed LIBOR-referenced transactions, even though such rates were material terms. Citibank made millions of dollars in unjust profits by entering into swaps and other financial contracts with governmental entities and not-for-profit groups who were wholly unaware that Citibank and other LIBOR panel banks had manipulated their submissions.

“This settlement with Citibank confirms that the State of Nevada continues to police the conduct of the largest players in our nation’s financial markets, and that we will take action where unacceptable anti-competitive and fraudulent conduct occurs,” said Laxalt. “Government entities and not-for-profit organizations across the nation have been defrauded of millions of dollars by unknowingly entering into financial arrangements with Citibank and other banks, and with today’s settlement, my fellow attorneys general and I hope to send a strong message of deterrence.”

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 restitution 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 law.

Citibank is the third of several U.S. dollar LIBOR-setting panel banks that has resolved claims against itself with the State of Nevada. With funds resulting from today’s Citibank settlement, the group of state attorneys general investigating these matters has collected \$420 million in total payments, almost all of which amount has been distributed to state and local government entities and not-for-profit groups harmed by the banks’ wrongful conduct.

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