



**Washington State (/)**  
*Office of the Attorney General*  
Attorney General Bob Ferguson

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# AG: CITIBANK TO PAY STATES \$100M OVER INTEREST RATE MANIPULATION



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## **FOR IMMEDIATE RELEASE:**

Jun 15 2018

*Affected Washington entities eligible for restitution*

**OLYMPIA** — Attorney General Bob Ferguson today announced that Citibank, a Wall Street financial institution, will pay a total of \$100 million to 42 states for manipulating a key interest rate before and during the Great Recession, costing investors millions of dollars.

These manipulations may have led investors to make riskier investments than they realized, or impacted the profits from or costs of various investments throughout the financial system.

During the financial crisis, Citibank manipulated Libor, a benchmark interest rate affecting hundreds of trillions of dollars of financial products worldwide. Essentially, Libor is the daily average interest rate that some banks charge each other to borrow money. At the time, each of these banks reported its own estimate of how much it would expect to pay to borrow money on a given day, and those reports contributed to Libor's calculation.

"This large Wall Street bank manipulated interest rates and defrauded Washington investors," Ferguson said. "When powerful corporate interests break the rules, my office will be there to hold them accountable."

A multistate investigation begun in 2012 revealed that Citibank manipulated Libor in two primary ways.

First, Citibank's managers asked the staff submitting Libor estimates to lower their numbers to avoid the appearance that Citibank was in financial difficulty and needed to pay a higher rate than some of its peers to borrow money.

Second, at various times from 2007 to 2009, traders from Citibank and other banks asked Citibank's Libor submitters to change their submitted numbers in order to benefit their trading positions.

Citibank's wrongdoing defrauded government and non-profit entities in Washington and throughout the United States of millions of dollars.

## **Restitution**

Government entities and not-for-profit organizations that entered into Libor-linked investment contracts with Citibank between 2007 through 2009 will be notified of this case if they are eligible to receive a distribution from the settlement fund of \$95 million.

Of the \$100 million, \$95 million will be used for restitution back to investors. The rest will be used to pay investigation costs and for other uses consistent with state law.

Citibank is the one of several banks under investigation by state attorneys general for Libor manipulation.

In two similar antitrust cases brought by Ferguson and other attorneys general, Barclays paid \$100 million and Deutsche Bank paid \$220 million. These cases returned more than \$12.8 million to Washington government and nonprofit entities. Washington entities that have received money back in the previous cases are: Bill and Melinda Gates Foundation, Housing Authority of Snohomish County, PeaceHealth, Washington State Investment Board, Fred Hutchison Cancer Research Center, Tacoma Employees Retirement System, and Western Conference of Teamsters Pension Trust Fund.

Assistant Attorney General Luminita Nodit handled the case for Washington.

The Office of the Attorney General's Antitrust Division is responsible for enforcing the antitrust provisions of Washington's Unfair Business Practices-Consumer Protection Act. The division investigates and litigates complaints of anticompetitive conduct and reviews potentially anticompetitive mergers. The division also brings actions in federal court under the federal antitrust laws. It receives no general fund support, funding its own actions through recoveries made in other cases.

The Antitrust Division investigates complaints about potential anti-competitive activity. For information about filing a complaint, visit <https://fortress.wa.gov/atg/formhandler/ago/AntitrustComplaint.aspx> (<https://fortress.wa.gov/atg/formhandler/ago/AntitrustComplaint.aspx>).

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