



PRESS RELEASE

Attorney General Frosh Announces Settlement with Barclays for Manipulating LIBOR

LIBOR manipulation hurt government and not for profit agencies in Maryland and across the country

BALTIMORE, MD (August 8, 2016) -Maryland Attorney General Brian Frosh today announced a \$100 million settlement with Barclays Bank PLC and Barclays Capital Inc. for fraudulent and anticompetitive conduct involving the manipulation of LIBOR - a benchmark interest rate that affects financial instruments worth trillions of dollars and has a widespread impact on global markets and consumers.

The investigation, conducted by a multistate working group of 43 State Attorneys General, led by the Attorneys General of New York , Connecticut, Maryland, Massachusetts and Illinois, revealed that Barclays manipulated LIBOR through two different kinds of fraudulent and anticompetitive conduct. First, during the financial crisis of 2007-2008, Barclays' managers frequently told LIBOR submitters to lower their LIBOR settings in order to avoid the appearance that Barclays was in financial difficulty and needed to pay a higher rate than some of its peers to borrow money. The LIBOR submitters complied with the instructions and suppressed their LIBOR submissions during that period. Second, at various times from 2005 to 2007 and continuing at least into 2009, Barclays' traders asked Barclays' LIBOR submitters to change their LIBOR settings in order to benefit their trading positions, and the submitters often agreed to the requests. At times, those requests came from traders outside the bank, and Barclays traders agreed to pass them along to Barclays' submitters, thus colluding with other banks. Barclays also believed that other banks' LIBOR submissions likewise did not reflect their true borrowing rates, and that therefore, published LIBOR did not reflect the cost of borrowing funds in the market, as it was supposed to do.

"This settlement is the first, but certainly not the last, with major international financial institutions that manipulated interest rate benchmarks for their own gain and at the expense of Maryland state and local agencies and non-profits," said Attorney General Frosh. "For the illegal conduct of some of the world's largest banks, Maryland agencies and non-profits will rightly be compensated as a result of this settlement and future settlements."

Government entities and not-for-profit organizations in Maryland and throughout the U.S., among others, were defrauded of millions of dollars when they entered into swaps and other investment instruments with Barclays without knowing that Barclays and other banks on the U.S.

dollar (USD)-LIBOR-setting panel were manipulating LIBOR and colluding with other banks to do so.

Governmental and not-for-profit entities with LIBOR-linked swaps and other investment contracts with Barclays will be notified if they are eligible to receive restitution from a settlement fund of \$93.35 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.

Barclays is the first of several USD-LIBOR-setting panel banks under investigation by the State Attorneys General to resolve claims and Barclays has cooperated fully. The Attorney General's Office benefits from the information and evidence provided by corporations that elect to cooperate with the Attorney General's investigations. Such cooperation can facilitate civil enforcement efforts, including restitution for victims of the offense.

Attorney General Frosh thanks Assistant Attorney General John Tennis for his work on this case.