

Delaware Participates In \$100 Million Settlement with Barclays for Manipulating LIBOR

Manipulation of benchmark interest rate hurt government and not-for-profit organizations in Delaware and across the country when they invested

Delaware and other states announced a \$100 million settlement with Barclays Bank PLC and Barclays Capital Inc. for fraudulent and anticompetitive conduct involving the manipulation of the London Interbank Offered Rate (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, conducted by a multistate working group of 44 State Attorneys General, led by the Attorneys General of New York and Connecticut, revealed that Barclays manipulated LIBOR through two different kinds of fraudulent and anticompetitive conduct. First, in 2007-2008, during the financial crisis period, 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.

As a result, government entities and not-for-profit organizations 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 the claims against it, and Barclays has cooperated fully from the outset. 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.

The states joining the Barclays settlement include: Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Iowa, Kansas, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Montana, Nebraska, Nevada, New

Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming

The investigation into the conduct of several other USD LIBOR-setting panel banks is ongoing.