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**STATES OBTAIN \$100 MILLION SETTLEMENT WITH BARCLAYS FOR
MANIPULATING INTEREST RATE**

HONOLULU – Attorney General Doug Chin announced that Hawaii joined with 44 states yesterday in 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”). LIBOR is a benchmark interest rate that affects financial instruments worth trillions of dollars and has a widespread impact on global markets and consumers. The portion of money that will go to Hawaii as part of the settlement is still being finalized.

The investigation, conducted by a multistate working group of 44 state Attorneys General, revealed that Barclays manipulated LIBOR through two different kinds of fraudulent and anticompetitive conduct. First, during the financial crisis period of 2007 to 2009, 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.

Government entities and not-for-profit organizations throughout the country 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 the settlement fund. 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 investigation into the conduct of several other USD LIBOR-setting panel banks is ongoing.

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