

# Baltimore-Led Group Sues Banks for Libor Crimes

July 19—One of the Libor-rigging lawsuits consolidated now in New York's Southern District, brought by the Mayor and City Council of Baltimore (Md.) and the City of New Britain (Conn.) Firefighters' and Police Benefit Fund, gives a whole new meaning to the phrase "urban warfare." The lawsuit, alleging violation of Federal antitrust laws, seeks to recover from the damages wrought on those municipal entities from their purchases of interest-rate-swap derivatives tied to Libor, from one or more of the defendant banks.

The banksters in question are Bank of America Corporation, Bank of Tokyo-Mitsubishi UFJ, Barclays Bank Plc, Citibank NA, Citigroup Inc., Cooperative Central Raiffeisen-Boerenleenbank B.A., Credit Suisse Group AG, Deutsche Bank AG, HBOS Plc, HSBC Bank Plc, HSBC Holdings Plc, JPMorgan Chase & Co., JPMorgan Norinchukin Bank, WestDeutsche Immobilienbank AG, and WestLB AG.

The Complaint filed on April 30, 2012 says that Baltimore purchased "hundreds of millions of dollars worth" and the New Britain pension fund purchased "tens of millions of dollars worth" of these derivatives. The defendants' actions are described as "a global conspiracy to manipulate LIBOR—the reference point for determining interest rates for trillions of dollars in financial instruments worldwide—by a cadre of prominent financial institutions."

The lawsuit asks for a judicial declaration that the defendants' actions were in violation of the Sherman and Clayton antitrust acts, an injunction against them and their employees from any further violations, and treble damages, as the antitrust law

provides. It requests a jury trial.

The Complaint summarizes: "This action arises from Defendants' unlawful and intentional misreporting and manipulation of—as well as their combination, agreement and conspiracy to fix—LIBOR rates and to restrain trade in the market for LIBOR-based derivatives during the Class Period," which is defined as Aug. 8, 2007 through at least May 17, 2010.

"Defendants collusively and systematically manipulated LIBOR rates....

"This case arises from the manipulation of LIBOR for the U.S. dollar ('USD-LIBOR' or simply 'LIBOR')—the reference point for determining interest rates for trillions of dollars in financial instruments—by a cadre of prominent financial institutions. Defendants perpetrated a scheme to depress LIBOR for two primary reasons. First, well aware that the interest rate a bank pays (or expects to pay) on its debt is widely, if not universally, viewed as embodying the market's assessment of the risk associated with the bank. Defendants understated their borrowing costs to the British Bankers' Association ('BBA') (thereby suppressing LIBOR) to portray themselves as economically healthier than they actually were....

"Second, artificially suppressing LIBOR allowed Defendants to pay lower interest rates on LIBOR-based financial instruments that Defendants sold to investors...."

In describing the British Bankers' Association, the Complaint points out that it is not a regulatory body, and reports to no regulatory body. A commentator is quoted: "If the BBA admits that LIBOR isn't a market rate but a cartel rate that was established through price fixing, it will be subject to global lawsuits resulting from fraudulent behavior and misrepresentations. The likelihood of the BBA reforming itself, providing transparency and giving up its cartel monopoly is very low given the astronomical liability that will result."