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## The US filed a \$400 billion Libor claim on behalf of 39 banks rescued during the financial crisis

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LONDON – The US government filed what could be the biggest court case yet connected to the Libor rigging scandal against some of the UK's biggest banks.

The Federal Deposit Insurance Corporation's High Court claim alleges banks including Barclays, Lloyds Banking Group and Royal Bank of Scotland kept Libor rates artificially low, a practice known as "lowballing," which contributed to the failure of a number of American banks during the financial crisis.

"Each bank defendant had a common financial and profit-based incentive to collude to lowball [US dollar] Libor submissions and in turn to cause USD Libor to be lower than it otherwise would have been," [The Times](#) reported the filing as saying.

Libor is the daily measure showing the interest rate at which banks lend to each other. In the rigging scandal, which came to light in 2012, traders from a number of banks artificially manipulated the rate in order to profit more than they should have done.

The claim is on behalf of 39 American banks, rescued by the FDIC during the financial crisis. Pre-crisis, it says, their combined worth had been more than \$440 billion, while their combined annual turnover at the end of 2007 had been more than \$114 billion.

The filing says nine lenders worked alongside the British Bankers' Association (BBA) to coordinate the "sustained and material suppression" of Libor between August 2007 and at least the end of 2009. Both lenders and the BBA, it says, knowingly did business with rates skewed in their favour.

It cites a BBA memo from April 2008, which stated US dollar Libor was lower than it should have been and suggested lenders "float the dollar rate slightly, gently up," via a "co-ordinated action by a large number of panel banks."

Earlier this week, one of the traders convicted for Libor manipulation in 2016, Jonathan Mathew, appealed to the Criminal Cases Review Commission against his four year sentence.



Former Barclays employee Jonathan Mathew.

*REUTERS/Toby Melville*