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**FORMER RABOBANK TRADER PLEADS GUILTY**

**FOR SCHEME TO MANIPULATE YEN LIBOR**

WASHINGTON – A former Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank) Japanese Yen derivatives trader pleaded guilty today for his role in a conspiracy to commit wire and bank fraud by manipulating Rabobank’s Yen London InterBank Offered Rate (LIBOR) submissions to benefit his trading positions.

Attorney General Eric H. Holder, Assistant Attorney General Leslie R. Caldwell of the Justice Department’s Criminal Division, Deputy Assistant Attorney General Brent Snyder of the Justice Department’s Antitrust Division and Assistant Director in Charge Valerie Parlave of the FBI’s Washington Field Office made the announcement.

Today, a criminal information was filed in the Southern District of New York charging Takayuki Yagami, a Japanese national, with one count of conspiracy to commit wire fraud and bank fraud. Yagami pleaded guilty to the information before United States District Judge Jed S. Rakoff in the Southern District of New York.

“With this guilty plea, we take another significant step to hold accountable those who fraudulently manipulated the world’s cornerstone benchmark interest rate for financial gain,” said Attorney General Eric Holder.  “This conduct distorted transactions and financial products around the world.  Manipulating LIBOR effectively rigs the global financial system, compromising the fairness of world markets.  This plea demonstrates that the Justice Department will never waver, and we will never rest, in our determination to ensure the integrity of the marketplace and protect it from fraud.”

“Today, a former Rabobank trader has pleaded guilty to participating in a scheme to manipulate the global benchmark interest rate LIBOR to benefit Rabobank’s trading positions,” said Assistant Attorney General Caldwell. “This was the ultimate inside job. As alleged, traders illegally influenced the very interest rate on which their trades were based, using fraud to gain an unfair advantage. Takayuki Yagami is the ninth person charged by the Justice Department in connection with the industry-wide LIBOR investigation, and we are determined to pursue other individuals and institutions who engaged in this crime.”

“Today’s guilty plea is a significant step forward in the LIBOR investigation and demonstrates the Department’s firm commitment to individual accountability,” said Deputy Assistant Attorney General Snyder.  “We will continue to pursue aggressively other individuals involved in this or other illegal schemes that undermine free and fair financial markets.”

“Manipulating financial trading markets to create an unfair advantage is against the law,” said Assistant Director in Charge Parlave. “Today’s guilty plea further underscores the FBI’s ability to investigate complex international financial crimes and bring the perpetrators to justice.  The Washington Field Office has committed significant time and resources including the expertise of Special Agents, forensic accountants and analysts to investigate this case along with our Department of Justice colleagues.  Their efforts send a clear message to anyone contemplating financial crimes: think twice or you will face the consequences.”

According to court documents, LIBOR is an average interest rate, calculated based on submissions from leading banks around the world, reflecting the rates those banks believe they would be charged if borrowing from other banks. LIBOR serves as the primary benchmark for short-term interest rates globally and is used as a reference rate for many interest rate contracts, mortgages, credit cards, student loans and other consumer lending products. The Bank of International Settlements estimated that as of the second half of 2009, outstanding interest rate contracts were valued at approximately $450 trillion.

At the time relevant to the charges, LIBOR was published by the British Bankers’ Association (BBA), a trade association based in London. LIBOR was calculated for 10 currencies at 15 borrowing periods, known as maturities, ranging from overnight to one year. The published LIBOR “fix” for Yen LIBOR at a specific maturity is the result of a calculation based upon submissions from a panel of 16 banks, including Rabobank.

Yagami admitted to conspiring with Paul Robson, of the United Kingdom, Paul Thompson, of Australia, and Tetsuya Motomura, of Japan. Robson, Thompson and Motomura were charged with conspiracy to commit wire fraud and bank fraud as well as substantive counts of wire fraud in a fifteen-count indictment returned by a federal grand jury in the Southern District of New York on April 28, 2014. All four are former employees of Rabobank.

Rabobank entered into a deferred prosecution agreement with the Department of Justice on Oct. 29, 2013 and agreed to pay a $325 million penalty to resolve violations arising from Rabobank’s LIBOR submissions.

According to allegations in the information and indictment, the four defendants traded in derivative products that referenced Yen LIBOR. Robson worked as a senior trader at Rabobank’s Money Markets and Short Term Forwards desk in London; Thompson was Rabobank’s head of Money Market and Derivatives Trading Northeast Asia and worked in Singapore; Motomura was a senior trader at Rabobank’s Tokyo desk who supervised money market and derivative traders; and Yagami worked as a senior trader at Rabobank’s Money Market/FX Forwards desks in Tokyo and elsewhere in Asia. In addition to trading derivative products that referenced Yen LIBOR, Robson also served as Rabobank’s primary submitter of Yen LIBOR to the BBA.

Robson, Thompson, Motomura and Yagami each entered into derivatives contracts containing Yen LIBOR as a price component. The profit and loss that flowed from those contracts was directly affected by the relevant Yen LIBOR on certain dates. If the relevant Yen LIBOR moved in the direction favorable to the defendants’ positions, Rabobank and the defendants benefitted at the expense of the counterparties. When LIBOR moved in the opposite direction, the defendants and Rabobank stood to lose money to their counterparties.

As alleged in court filings, from about May 2006 to at least January 2011, the four defendants and others agreed to make false and fraudulent Yen LIBOR submissions for the benefit of their trading positions. According to the allegations, sometimes Robson submitted rates at a specific level requested by a co-defendant, including Yagami, and consistent with the co-defendant’s trading positions. Other times, Robson made a higher or lower Yen LIBOR submission consistent with the direction requested by a co-defendant and consistent with the co-defendant’s trading positions. On those occasions, Robson’s manipulated Yen LIBOR submissions were to the detriment of, among others, Rabobank’s counterparties to derivative contracts. Thompson, Motomura and Yagami (described in the indictment as Trader-R) made requests of Robson for Yen LIBOR submissions through electronic chats and email exchanges.

For example, according to court filings, on Sept. 21, 2007, Yagami asked Robson by email, “wehre do you think today’s libors are? If you can I would like 1mth higher today.” Robson responded, “bookies reckon .85,” to which Yagami replied, “I have some fixings in 1mth so would appreciate if you can put it higher mate.” Robson answered, “no prob mate let me know your level.” After Yagami asked for “0.90% for 1mth,” Robson confirmed, “sure no prob[ ] I’ll probably get a few phone calls but no worries mate… there’s bigger crooks in the market than us guys!”

The indictment alleges that Robson accommodated the requests of his co-defendants. For example, on Sept. 21, 2007, after Robson allegedly received a request from Yagami for a high 1-month Yen LIBOR, Rabobank submitted a 1-month Yen LIBOR rate of 0.90, which was 7 basis points higher than the previous day and 5 basis points above where Robson said that “bookies” predicted it, and which moved Rabobank’s submission from the middle to the highest of the panel.

According to court documents, the defendants were also aware that they were making false or fraudulent Yen LIBOR submissions. For example, on May 10, 2006, Robson admitted in an email to Yagami that “it must be pretty embarrasing to set such a low libor. I was very embarrased to set my 6 mth – but wanted to help thomo [Thompson]. Tomorrow it will be more like 33 from me.” At times, Robson referred to the submissions that he submitted on behalf of his co-defendants as “ridiculously high” and “obscenely high,” and acknowledged that his submissions would be so out of line with the other Yen LIBOR panel banks that he might receive a phone call about them from the BBA or Thomson Reuters.

The charges in the indictment are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

The investigation is being conducted by special agents, forensic accountants, and intelligence analysts in the FBI’s Washington Field Office. The prosecution is being handled by Senior Litigation Counsel Carol L. Sipperly and Trial Attorney Brian R. Young of the Criminal Division’s Fraud Section, and Trial Attorney Michael T. Koenig of the Antitrust Division. The Criminal Division’s Office of International Affairs has provided assistance in this matter.

The Justice Department expresses its appreciation for the assistance provided by various enforcement agencies in the United States and abroad. The Commodity Futures Trading Commission’s Division of Enforcement referred this matter to the department and, along with the U.K. Financial Conduct Authority, has played a major role in the LIBOR investigation. The Securities and Exchange Commission also has played a significant role in the LIBOR series of investigations, and the department expresses its appreciation to the United Kingdom’s Serious Fraud Office for its assistance and ongoing cooperation. The department has worked closely with the Dutch Public Prosecution Service and the Dutch Central Bank in the investigation of Rabobank. Various agencies and enforcement authorities from other nations are also participating in different aspects of the broader investigation relating to LIBOR and other benchmark rates, and the department is grateful for their cooperation and assistance.

This prosecution is part of efforts underway by President Barack Obama’s Financial Fraud Enforcement Task Force.  President Obama established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes.  The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources.  The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets and recover proceeds for victims of financial crimes. For more information about the task force visit: www.stopfraud.com.

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