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1 UNITED STATES DISTRICT COURT  
2 SOUTHERN DISTRICT OF NEW YORK

-----x

3 UNITED STATES OF AMERICA

4 v.

14 CR 272 (JSR)

Plea

5 PAUL THOMPSON

6 Defendant

-----x

7 New York, N.Y.

8 July 7, 2016

11:30 a.m.

9 Before:

10 HON. JED S. RAKOFF

11 District Judge

12 APPEARANCES

13 PREET BHARARA

14 United States Attorney for the

15 Southern District of New York

MICHAEL KOENIG

BRIAN YOUNG

16 CAROL SIPPERLY

Assistant United States Attorney

17 PATTERSON BELKNAP WEBB & TYLER

18 Attorneys for Defendant

HARRY SANDICK

19 MELISSA GINSBERG

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(In open court; case called)

THE DEPUTY CLERK: Will the parties please identify themselves for the record.

MR. KOENIG: Your Honor, Michael Koenig for the Antitrust Division Department of Justice. With me is Brian Young and Carol Sipperly for the Fraud Section.

THE COURT: Good morning. I'm still catching my breath.

MR. SANDICK: Harry Sandick and Melissa Ginsberg, Patterson Belknap Webb & Tyler for Mr. Thompson. Good afternoon.

THE COURT: My understanding is that the defendant wishes to enter a plea. Do we have a plea agreement?

MR. YOUNG: Yes, your Honor.

THE COURT: Would you hand it up, please?

It appears to be in order. We will place the defendant under oath.

(Defendant sworn)

THE COURT: Mr. Thompson, let me advise you first that because you're under oath, anything you say that is knowingly false could subject you to punishment for perjury or obstruction of justice or the making of false statements. Do you understand?

THE DEFENDANT: Yes, your Honor.

THE COURT: Do you read, write, speak and understand

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English?

THE DEFENDANT: Yes, your Honor.

THE COURT: How far did you go in school?

THE DEFENDANT: A bachelor of commerce which is equivalent to your college degree.

THE COURT: How old are you now?

THE DEFENDANT: 50.

THE COURT: You're a citizen of Australia?

THE DEFENDANT: Yes, sir.

THE COURT: Have you ever been treated by a psychologist or psychiatrist?

THE DEFENDANT: No, your Honor.

THE COURT: Have you ever been hospitalized for any mental illness?

THE DEFENDANT: No, your Honor.

THE COURT: Have you ever been treated or hospitalized for alcoholism?

THE DEFENDANT: No, your Honor.

THE COURT: Have you ever been treated or hospitalized for narcotics addiction?

THE DEFENDANT: No, your Honor.

THE COURT: Are you currently under the care of a physician for any reason?

THE DEFENDANT: I have medication.

THE COURT: What's the medication?

G77QTHOp

1 THE DEFENDANT: For depression, but it's just tablets.  
2 I'm not under constant supervision, but he did prescribe them  
3 to me about eight months ago.

4 THE COURT: What's the nature of the -- what's the  
5 name of the medication?

6 THE DEFENDANT: Sertraline.

7 THE COURT: This was given to you by a psychiatrist?

8 THE DEFENDANT: No, a doctor.

9 THE COURT: An M.D. OK. Did you take that today?

10 THE DEFENDANT: No, sir.

11 THE COURT: When was the last time you took it?

12 THE DEFENDANT: Just over 48 hours before today.

13 THE COURT: OK. Does taking that medication or  
14 conversely, not taking the medication, affect in any way your  
15 ability to understand these proceedings today?

16 THE DEFENDANT: No, sir.

17 THE COURT: Is your mind clear today?

18 THE DEFENDANT: Yes, sir.

19 THE COURT: Do you understand these proceedings?

20 THE DEFENDANT: Yes, sir.

21 THE COURT: On the basis of the defendant's responses  
22 to my questions and my observations of his demeanor, I find he  
23 is fully competent to enter an informed plea at this time.

24 You have a right to be represented by counsel at every  
25 stage of these proceedings. Do you understand that?

G77QTHOp

1 THE DEFENDANT: Yes, sir.

2 THE COURT: If at any time you can't afford counsel,  
3 the court will appoint one to represent you free of charge  
4 throughout the proceedings. Do you understand that?

5 THE DEFENDANT: Yes, sir.

6 THE COURT: Are you represented by Mr. Sandick of the  
7 Patterson Belknap firm? Are you satisfied with his and their  
8 representation of you?

9 THE DEFENDANT: Yes, sir.

10 THE COURT: Have you had a full opportunity to discuss  
11 this matter with them?

12 THE DEFENDANT: Yes, sir.

13 THE COURT: Have you told them everything you know  
14 about this matter?

15 THE DEFENDANT: Yes, sir.

16 THE COURT: Now, you previously entered a plea of not  
17 guilty very recently in connection with this matter, but I  
18 understand now that you wish to withdraw that plea and enter a  
19 plea of guilty to Count One of the fourth superseding  
20 indictment. Is that correct?

21 THE DEFENDANT: Yes, that's correct, sir.

22 THE COURT: Before I can accept any plea of guilty --  
23 forgive me. Before I get to that. Mr. Sandick, do you want  
24 the relevant count read again here in open court or do you  
25 waive the reading?

G77QTHOp

1 MR. SANDICK: We waive its reading.

2 THE COURT: Mr. Thompson, you've gone over that count  
3 with your lawyer. Yes?

4 THE DEFENDANT: Yes, sir.

5 THE COURT: And you understand the charge against you?

6 THE DEFENDANT: Yes, sir.

7 THE COURT: Now, before I can accept any plea of  
8 guilty, I need to make certain, among other things, that you  
9 understand the rights that you will be giving up if you plead  
10 guilty. So I want to go over with you now the rights that you  
11 will be giving up. First, you have the right to a speedy and a  
12 public trial by a jury on the charges against you. Do you  
13 understand that?

14 THE DEFENDANT: Yes, sir.

15 THE COURT: Second, if there were a trial, you would  
16 be presumed innocent, and the government would be required to  
17 prove your guilt beyond a reasonable doubt before you could be  
18 convicted of any charge. Do you understand that?

19 THE DEFENDANT: Yes, sir.

20 THE COURT: Third, at the trial, you have the right to  
21 be represented by counsel; and once again, if at any time you  
22 cannot afford counsel, the Court would appoint one to represent  
23 you free of charge throughout the proceedings. Do you  
24 understand that?

25 THE DEFENDANT: Yes, sir.

G77QTHOp

1 THE COURT: Fourth, at the trial, you would have the  
2 right to see and hear all the witnesses and other evidence  
3 against you and your attorney could cross-examine the  
4 government's witnesses and object to the government's evidence;  
5 and you could offer evidence on your own behalf if you so  
6 desired and could have subpoenas issued to compel the  
7 attendance of witnesses and the production of evidence on your  
8 behalf. Do you understand all of that?

9 THE DEFENDANT: Yes, sir.

10 THE COURT: Fifth, at the trial, you would have the  
11 right to testify if you wanted to, but no one could force you  
12 to testify if you did not want to, and no suggestion of guilt  
13 could be drawn against you simply because you chose not to  
14 testify. Do you understand that?

15 THE DEFENDANT: Yes, sir.

16 THE COURT: Sixth, even if you were convicted, you  
17 would have the right to appeal your conviction. Do you  
18 understand that?

19 THE DEFENDANT: Yes, sir.

20 THE COURT: Now, Mr. Thompson, do you understand that  
21 if you pleaded guilty, you will be giving up each and every one  
22 of the rights we just discussed. Do you understand that?

23 THE DEFENDANT: Yes, sir.

24 THE COURT: Very good. Now, Count One of the fourth  
25 superseding indictment charges you with a conspiracy; in other

G77QTHOp

1 words, an agreement between you and at least one other person  
2 to commit wire fraud and bank fraud by manipulating the LIBOR  
3 rate from at least in or about May 2006 through at least in or  
4 about early 2011. This charge carries a maximum sentence of 30  
5 years imprisonment, plus five years of supervised release to  
6 follow any imprisonment, plus a maximum fine of \$1 million,  
7 plus a mandatory charge of \$100 plus restitution. Do you  
8 understand that those are the maximum punishments you face if  
9 you plead guilty to that count?

10 THE DEFENDANT: Yes, I do, your Honor.

11 THE COURT: Also, if I do impose a term of supervised  
12 release to follow any imprisonment and you were to violate any  
13 of the conditions of that supervised release, that violation in  
14 and of itself could subject you to still further imprisonment  
15 going even beyond the term of supervised release. Do you  
16 understand that?

17 THE DEFENDANT: Yes, I do, your Honor.

18 THE COURT: Now, I have no idea at this point what  
19 sentence I will impose if you plead guilty, but one of the  
20 things I will take account of are the Sentencing Guidelines  
21 which are certain laws that recommend a range which the Court  
22 may sentence, you although they are not binding on the Court.

23 Have you gone over the Sentencing Guidelines with your  
24 counsel?

25 THE DEFENDANT: Yes, I have your Honor.



G77QTHOp

1           THE COURT: In that regard, I have been furnished with  
2 a letter agreement which we will mark as Court Exhibit 1 to  
3 today's proceeding. It takes the form of a letter from the  
4 government to defense counsel dated July 7, 2016, and it  
5 appears, Mr. Thompson, that you also signed it earlier today.  
6 Is that right?

7           THE DEFENDANT: That's correct, your Honor.

8           THE COURT: And before signing it, did you read it?

9           THE DEFENDANT: Yes, I did, your Honor.

10          THE COURT: Did you discuss it with your counsel?

11          THE DEFENDANT: Yes, I did, your Honor.

12          THE COURT: Did you understand its terms?

13          THE DEFENDANT: Yes, I did, your Honor.

14          THE COURT: And did you sign it in order to indicate  
15 your agreement to its terms?

16          THE DEFENDANT: Yes, I did, your Honor.

17          THE COURT: Now, this letter agreement is binding  
18 between you and the government, but it is not binding on me.  
19 It is not binding on the Court. Do you understand that?

20          THE DEFENDANT: Yes, I do, your Honor.

21          THE COURT: For example, this letter agreement that  
22 says that the government will contend at sentencing that the  
23 guideline range is no greater than 33 to 41 months  
24 imprisonment, and that there will be certain -- that counsel  
25 will seek, for example, a two-level reduction for acceptance of

G77QTHOp

1 responsibility and that the government may also move at  
2 sentence for an additional one-level reduction, etc. All of  
3 these agreements are not binding on the Court in any way, shape  
4 or form. I will make my own determination of what the  
5 guideline range is. And regardless of where I come out on  
6 that -- I may sentence you within that range, I may sentence  
7 you above that range, I may sentence you below that range --  
8 but wherever I come out, if you plead guilty, you will be bound  
9 by my sentence. Do you understand that?

10 THE DEFENDANT: Yes, I do, your Honor.

11 THE COURT: Very good.

12 Now, under your agreement with the government, do you  
13 understand, however, that if I do sentence you to 33 months or  
14 less, you agree not to appeal your sentence. Do you understand  
15 that?

16 THE DEFENDANT: Yes, I do, your Honor.

17 THE COURT: Now, there's a provision in here which  
18 seems to me to be ineffable, but maybe the government can speak  
19 to it about "the defendant recognizes if he is not a citizen of  
20 the United States, his guilty plea and conviction make it very  
21 likely that his deportation from the United States is  
22 presumptively mandatory and that at a minimum he is at risk of  
23 being deported" and so forth. But he would not be able to  
24 remain in the United States in any event, right? And this  
25 looks like boilerplate but not quite adjusted to the particular

G77QTHOp

1 circumstance of this case.

2 MR. KOENIG: I believe that your Honor is correct in  
3 that, yes.

4 THE COURT: All right. In any event, you understand  
5 that if I were to impose a sentence of imprisonment, once that  
6 was over, you would be asked to leave the country, and if you  
7 didn't leave, you would be thrown out. Do you understand that?

8 THE DEFENDANT: Yes, I do, your Honor.

9 THE COURT: Very good.

10 Does the government represent that this letter  
11 agreement which we've marked as Court Exhibit 1 represents the  
12 entirety of any and all agreements between the government and  
13 Mr. Thompson?

14 MR. KOENIG: We do, your Honor.

15 THE COURT: Does defense counsel confirm that as  
16 correct?

17 MR. SANDICK: Yes, your Honor.

18 THE COURT: Mr. Thompson, do you confirm that as  
19 correct?

20 THE DEFENDANT: Yes, your Honor.

21 THE COURT: Mr. Thompson, other than the government,  
22 has anyone else made any kind of promise to you or offered you  
23 any inducement to get you to plead guilty?

24 THE DEFENDANT: No, your Honor.

25 THE COURT: Has anyone threatened or coerced you in

G77QTHOp

1 any way to get you to plead guilty?

2 THE DEFENDANT: No, your Honor.

3 THE COURT: Does the government represent that if this  
4 case were to go to trial, it could through competent evidence  
5 prove every essential element of this charge beyond a  
6 reasonable doubt?

7 MR. KOENIG: Yes, your Honor.

8 THE COURT: Does the defense counsel know of any valid  
9 defense that would likely prevail at trial or any other reason  
10 why his client should not plead guilty?

11 MR. SANDICK: No.

12 THE COURT: Mr. Thompson, tell me in your own words  
13 what it is you did that makes you guilty of this charge.

14 THE DEFENDANT: Your Honor, I worked at Rabobank from  
15 approximately 1999 to 2012. My responsibilities included  
16 trading interest rate swaps that were tied to the U.S. dollar  
17 and Japanese yen LIBOR benchmark rates. At certain times  
18 between 2005 and 2008, I intentionally asked those who were  
19 responsible for making Rabobank's LIBOR submissions to submit  
20 rates that I knew would benefit my or the bank's trade  
21 position. At the time I understood that Rabobank's U.S. dollar  
22 and yen LIBOR submissions were not supposed to be based on  
23 Rabobank's trading position. When I made those requests, I  
24 understood that the counterparties' mutually opposing trading  
25 positions could be negatively affected if LIBOR were set in

G77QTHOp

1 keeping with my request. Although I never worked or lived in  
2 the United States, I also knew that some of the counterparties  
3 that could be affected were located in the United States,  
4 including here in Manhattan.

5 I very much regret having made these requests for  
6 submissions that benefited my trading positions. I apologize  
7 to those harmed by my actions, including any counterparties who  
8 lost money as a result. By what I am doing today, I want to  
9 take full responsibility for what I've done in the past.

10 Thank you, your Honor.

11 THE COURT: Yes. And those activities you did in  
12 conjunction with others. Yes?

13 THE DEFENDANT: Yes, sir.

14 THE COURT: And you, in effect, were manipulating the  
15 LIBOR rate or helping others to manipulate the LIBOR rate for  
16 the benefit of you and others and to the detriment of people  
17 who didn't know about the manipulation. Is that the gist of  
18 it?

19 THE DEFENDANT: That's correct, your Honor.

20 THE COURT: Very good.

21 You may sit down. Is there anything else regarding  
22 the factual portion of the allocution that the government  
23 wishes the Court to inquire about?

24 MR. KOENIG: If this matter were to proceed to trial,  
25 we would also prove that it was foreseeable that interstate or

G77QTHOp

1 foreign wires were used in furtherance of the scheme and also  
2 that --

3 THE COURT: Excuse me. Into Manhattan, among other  
4 places?

5 MR. KOENIG: Excuse me?

6 THE COURT: Into Manhattan, among other places.

7 MR. KOENIG: Yes. Thank you. And also that there  
8 were affected financial institutions that were insured by the  
9 Federal Depository Insurance Corporation.

10 THE COURT: Very good. Anything else from the  
11 government?

12 MR. KOENIG: No.

13 THE COURT: Is there anything else regarding any  
14 aspect of the allocution that either side wishes the Court to  
15 further inquire about before I ask the defendant to formally  
16 enter his plea? Anything else from the government?

17 MR. KOENIG: No, your Honor.

18 THE COURT: Anything from defense?

19 MR. SANDICK: No, your Honor.

20 THE COURT: Mr. Thompson, in light of everything we've  
21 now discussed, how do you now plead to Count One of the fourth  
22 superseding indictment 14 CR 272? Guilty or not guilty.

23 THE DEFENDANT: Guilty, your Honor.

24 THE COURT: Because the defendant has shown that he  
25 understands his rights, because he has acknowledged his guilt

G77QTHOp

1 as charged, and because his plea is entered knowingly and  
2 voluntarily and is supported by an independent basis in fact  
3 containing each of the essential elements of the offense, I  
4 accept his plea and adjudge him guilty of Count One of the  
5 indictment (S4) 14 CR 274.

6 Now, Mr. Thompson, the next stage of this process --

7 MS. SIPPERLY: 272.

8 THE COURT: 272, thank you. I apologize.

9 (S4) 14 CR 272. Thank you.

10 Mr. Thompson, the next stage of this process will be  
11 that the probation office will prepare a presentence report to  
12 assist me in determining sentence. Have you already had that  
13 interview or is that occurring today? How has that been  
14 arranged?

15 MR. SANDICK: Your Honor, the probation office has  
16 been kind enough to arrange it for 1:00 today so my client can  
17 avoid a return trip.

18 THE COURT: Not to mention the possibility of a return  
19 fire drill. There are all sorts of things he's giving up.

20 MR. SANDICK: You never know, your Honor.

21 THE COURT: So, Mr. Thompson, you recall in your plea  
22 agreement that reference to acceptance of responsibility.  
23 Under my practices, if you want to qualify for the full  
24 acceptance of responsibility, you personally need to answer all  
25 the questions put to you by the probation officer. Your lawyer

G77QTHOp

1 can be there to advise you if there are any privilege concerns,  
2 but aside from that, he should sit there like a bump on a log,  
3 and you should answer the questions. Understood?

4 THE DEFENDANT: Yes, your Honor.

5 THE COURT: Very good. After that report is in draft  
6 but before it's in final form, you and your counsel and also  
7 government counsel have a chance to review it and to offer  
8 suggestions, corrections, additions directly to the probation  
9 officer who will then prepare that report in final to come to  
10 me.

11 Independent of that, counsel for both sides are hereby  
12 given leave to submit directly to the Court in writing any and  
13 all materials bearing on any aspect of sentence provided those  
14 materials are submitted no later than one week before sentence.  
15 And we will set the sentence down for.

16 THE DEPUTY CLERK: Wednesday, November 9 at 4:00.

17 THE COURT: Wednesday, November 9 at 4:00 p.m.

18 The bail conditions that were set yesterday will be  
19 continued.

20 Anything else we need to take up today?

21 MR. SANDICK: I had one technical question, your  
22 Honor, if I may be able to address it.

23 THE COURT: Yes.

24 MR. SANDICK: Some of what we're going to be  
25 submitting for sentencing relates to my client's family and has



G77QTHOp

1 some personal information. I read in the Court's procedures  
2 that at the end there is a provision for filing under seal. Do  
3 we require any additional permission? Should we be submitting  
4 letters or calling your chambers?

5 THE COURT: You will probably need an order so that  
6 the clerk's office will accept it under seal. So when you get  
7 ready, send a proposed letter and run it by your adversary to  
8 make sure they agree with it.

9 MR. SANDICK: Thank you, your Honor.

10 THE COURT: Anything else?

11 MR. YOUNG: Just one thing, your Honor. For the  
12 record, one of the bail conditions yesterday was Mr. Thompson  
13 had to stay in the Southern District of New York until today,  
14 but I think the parties now agree he's entered his plea and now  
15 he is free to return to Australia, and that condition is  
16 dissolved.

17 THE COURT: I can't imagine why he wants to leave our  
18 fair city, but if that's his desire, he's free to do so.

19 MR. SANDICK: And on that note, I don't think you need  
20 to formally amend the conditions, but this was my oversight.  
21 His flight is out of the Eastern District, and I assume the  
22 Court will not consider it a violation if in transit home he  
23 goes to an airport in the Eastern District.

24 THE COURT: Well, we talked, I think it was yesterday,  
25 about permission to fly through Hong Kong, and flying through

G77QTHOp

1 Brooklyn or Queens is really much more dangerous activity, but  
2 I agree he should be allowed to do that.

3 MR. SANDICK: Thank you, your Honor.

4 THE COURT: Very good. Thanks very much.

5 (Adjourned)