



Department of Justice



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WACHOVIA BANK N.A. ADMITS TO ANTICOMPETITIVE CONDUCT BY FORMER EMPLOYEES IN THE MUNICIPAL BOND INVESTMENTS MARKET AND AGREES TO PAY \$148 MILLION TO FEDERAL AND STATE AGENCIES

WASHINGTON – Wachovia Bank N.A., which is now known as Wells Fargo Bank N.A., has entered into an agreement with the Department of Justice to resolve the company’s role in anticompetitive activity in the municipal bond investments market and has agreed to pay a total of \$148 million in restitution, penalties and disgorgement to federal and state agencies, the Department of Justice announced today.

As part of its agreement with the department, Wachovia admits, acknowledges and accepts responsibility for illegal, anticompetitive conduct by its former employees. According to the non-prosecution agreement, from 1998 through 2004, certain former Wachovia employees at its municipal derivatives desk entered into unlawful agreements to manipulate the bidding process and rig bids on municipal investment and related contracts. These contracts were used to invest the proceeds of, or manage the risks associated with, bond issuances by municipalities and other public entities.

“The illegal conduct at Wachovia Bank corrupted the bidding practices for investment contracts and deprived municipalities of the competitive process to which they were entitled,” said Sharis A. Pozen, Acting Assistant Attorney General in charge of the Department of Justice’s Antitrust Division. “Today’s resolution achieves restitution for the victims harmed by Wachovia’s anticompetitive conduct and ensures that Wachovia disgorges its ill-gotten gains and pays penalties for its illegal conduct. We are committed to ensuring competition in the financial markets and our investigation into anticompetitive conduct in the municipal bond derivatives industry continues.”

Under the terms of the agreement, Wachovia agrees to pay restitution to victims of the anticompetitive conduct and to cooperate fully with the Justice Department’s Antitrust Division in its ongoing investigation into anticompetitive conduct in the municipal bond derivatives industry. To date, the ongoing investigation has resulted in criminal charges against 18 former executives of various financial services companies and one corporation. Nine of the 18 executives charged have pleaded guilty.

The Securities and Exchange Commission (SEC), the Internal Revenue Service (IRS), the Office of the Comptroller of the Currency (OCC) and 26 state attorneys general also entered into

agreements with Wachovia requiring the payment of penalties, disgorgement of profits from the illegal conduct and payment of restitution to the victims harmed by the manipulation and bid rigging by Wachovia employees, as well as other remedial measures.

As a result of Wachovia's admission of conduct; its cooperation with the Department of Justice and other enforcement and regulatory agencies; its monetary and non-monetary commitments to the SEC, IRS, OCC and state attorneys general; and its remedial efforts to address the anticompetitive conduct, the department agreed not to prosecute Wachovia for the manipulation and bid rigging of municipal investment and related contracts, provided that Wachovia satisfies its ongoing obligations under the agreement.

Earlier this year, JPMorgan Chase & Co. and UBS AG also entered into agreements with the Department of Justice and other federal and state agencies to resolve anticompetitive conduct in the municipal bond derivatives market. In July 2011, JPMorgan agreed to pay a total of \$228 million in restitution, penalties and disgorgement to federal and state agencies for its role in the conduct. In May 2011, UBS AG agreed to pay a total of \$160 million in restitution, penalties and disgorgement to federal and state agencies for its participation in the anticompetitive conduct.

The department's ongoing investigation into the municipal bonds industry is being conducted by the Antitrust Division, the FBI and the IRS-Criminal Investigation. The department is coordinating its investigation with the SEC, the OCC and the Federal Reserve Bank of New York. The department thanks the SEC, IRS, OCC and state attorneys general for their cooperation and assistance in this matter.

The Antitrust Division, SEC, IRS, FBI, state attorneys general and OCC are members of the Financial Fraud Enforcement Task Force. President Obama established the interagency 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.gov.

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