



# Department of Justice



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**GE FUNDING CAPITAL MARKET SERVICES INC. ADMITS TO  
ANTICOMPETITIVE CONDUCT BY FORMER TRADERS IN THE MUNICIPAL  
BOND INVESTMENTS MARKET AND AGREES TO PAY \$70 MILLION TO  
FEDERAL AND STATE AGENCIES**

WASHINGTON – GE Funding Capital Market Services Inc. 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 agreed to pay a total of \$70 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, GE Funding admits, acknowledges and accepts responsibility for illegal, anticompetitive conduct by its former traders. According to the non-prosecution agreement, from 1999 through 2004, certain former GE Funding traders entered into unlawful agreements to manipulate the bidding process on municipal investment and related contracts, and caused GE Funding to make payments and engage in other related activities in connection with those agreements through at least 2006. These contracts were used to invest the proceeds of, or manage the risks associated with, bond issuances by municipalities and other public entities.

“GE Funding’s former traders entered into illegal agreements to manipulate the bidding process on municipal investment contracts,” said Sharis A. Pozen, Acting Assistant Attorney General in charge of the Justice Department’s Antitrust Division. “This anticompetitive conduct harmed municipalities, as well as taxpayers. Today’s resolution requires GE Funding to pay penalties, disgorgement and restitution to the victims of its illegal activity. We will continue to use all the tools at our disposal to uphold our nation’s antitrust laws and ensure competition in the financial markets.”

Under the terms of the agreement, GE Funding agreed 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) and 25 state attorneys general also entered into agreements with GE Funding requiring the payment of penalties, disgorgement of profits from the illegal conduct and payment of restitution to the victims harmed by the bid manipulation by GE Funding employees, as well as other remedial measures.

As a result of GE Funding'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 and state attorneys general; and its remedial efforts to address the anticompetitive conduct, the department agreed not to prosecute GE Funding for the manipulation of bidding for municipal investment and related contracts, provided that GE Funding satisfies its ongoing obligations under the agreement.

JPMorgan Chase & Co., UBS AG and Wachovia Bank N.A. also reached agreements with the Department of Justice and other federal and state agencies to resolve anticompetitive conduct in the municipal bond derivatives market. On May 4, 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. On July 7, 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. On Dec. 8, 2011, Wachovia Bank agreed to pay a total of \$148 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 Office of the Comptroller of the Currency and the Federal Reserve Bank of New York. The department thanks the SEC, IRS and state attorneys general for their cooperation and assistance in this matter.

The Antitrust Division, SEC, IRS, FBI and state attorneys general 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](http://www.stopfraud.gov).

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