



Department of Justice

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FORMER UK RABOBANK DERIVATIVES TRADER PLEADS GUILTY TO LIBOR INTEREST RATE MANIPULATION CHARGES

WASHINGTON – A former senior derivatives trader at the London desk for Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (Rabobank) pleaded guilty today in U.S. federal court for his role in a scheme to manipulate the U.S. Dollar (USD) and Yen London InterBank Offered Rate (LIBOR), a benchmark interest rate.

Assistant Attorney General Leslie R. Caldwell of the Justice Department’s Criminal Division, Assistant Attorney General Bill Baer of the Justice Department’s Antitrust Division and Assistant Director in Charge Andrew G. McCabe of the FBI’s Washington Field Office made the announcement.

Lee Stewart, 51, of London appeared in the Southern District of New York before United States District Judge Jed S. Rakoff and pleaded guilty to one count of conspiracy to commit wire and bank fraud. A sentencing hearing is scheduled for June 9, 2017.

At the time relevant to the charges, LIBOR was an average interest rate, calculated based on submissions from leading banks around the world, reflecting the rates those banks believed they would be charged if borrowing from other banks. It served as the primary benchmark for short-term interest rates globally and was used as a reference rate for many interest rate contracts, mortgages, credit cards, student loans and other consumer lending products. LIBOR was published by the British Bankers’ Association, a trade association based in London, and was calculated for 10 currencies at 15 borrowing periods, known as maturities, ranging from overnight to one year. The published LIBOR “fix” for U.S. Dollar and Yen currency for a specific maturity was the result of a calculation based upon submissions from a panel of 16 banks, including Rabobank.

According to admissions made in connection with his guilty plea, Stewart worked as a senior derivatives trader at Rabobank’s London desk from 1993 to 2009, and entered into derivative contracts involving interest rate swaps linked to the U.S. Dollar LIBOR rate. Stewart admitted that from May 2006 through early 2011, he conspired with others at Rabobank to manipulate the LIBOR benchmark interest rate, which was tied to the profitability of interest rate derivative trades entered into by Rabobank traders.

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 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 conduct at 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.

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