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Former Rabobank Traders Face First U.S. Libor Trial

By Kevin Castillo, J.D. Candidate 2017 | October 17, 2015

On October 14, 2015, Anthony Allen and Anthony Conti, two London-based former Rabobank traders, were the first to stand trial for criminal charges in the U.S. for allegedly manipulating the London Interbank Offered Rate (Libor) to benefit their colleagues' trading positions.

Libor is the average interest rate at which banks borrow from one another. It serves as a key benchmark for interest rates around the world, and is widely used as a reference rate for many financial contracts including mortgages, student loans, and other consumer lending products. Trillions of dollars in derivatives and other financial instruments are tied to Libor. The benchmark rate is calculated as an average of daily bank submissions to the British Bankers' Association (BBA).

According to the indictment, Allen, Rabobank's former Global Head of Liquidity and Finance, and Conti, who served as the Dutch bank's primary submitter for Libor rates denominated in U.S. dollars, participated in a scheme spanning from 2006 to 2011 in which Rabobank traders communicated their trading positions to Libor submitters who would then alter the bank's rate submissions to the BBA.

The trial, which is before U.S. District Judge Jed Rakoff in the Southern District of New York, comes only months after a London jury convicted Tom Hayes, a former UBS and Citigroup trader, of conspiring with others to rig Libor between 2006 and 2010 and sentenced him to 14 years imprisonment. A separate trial of six former brokers who are accused of assisting Mr. Hayes began in London last week.

In 2013, Rabobank agreed to pay over $1 billion in criminal and civil penalties to settle claims by the U.S. and other regulators that its employees manipulated Libor. Other major banks, including Citigroup, JPMorgan Chase and Barclays, have also agreed to pay billions to settle similar charges.