‘Lie-bor-Gate’ 2.0 – Rate-Rigging During Lehman Crisis Was Allegedly Central-Bank-Led

Description

Just when you thought it was all over (or couldn’t get any worse)…

In the last decade, **37 traders and brokers have been prosecuted** by the US Department of Justice and the UK’s Serious Fraud Office for their roles in ‘rigging’ interest-rates during the Great Financial Crisis (GFC).

However, in extracts from Rigged, a book by Andy Verity on the Libor-rigging scandal (published in The Times), he explains how **in 2008, it was central banks and government that pressed banks to bring down key interest rates, but none of this evidence was ever shown to jurors** in nine criminal trials which resulted in multiple jail sentences for those involved (19 convicted, 9 jailed).

Backed up and supplemented by published data, The BBC reports that the suppressed evidence indicates that in October 2008, **central banks intervened on a large scale** in the setting of Libor and Euribor.

This was at the same time as dozens of former traders were criminally prosecuted for much less serious rate “manipulation”, it is claimed.

> Only took ten years!
>
> US throws out charges against interest rate ‘rigger’ https://t.co/3BaDXzd7qr
>
> — Tom Hayes (@robilypj) [October 31, 2022](#)

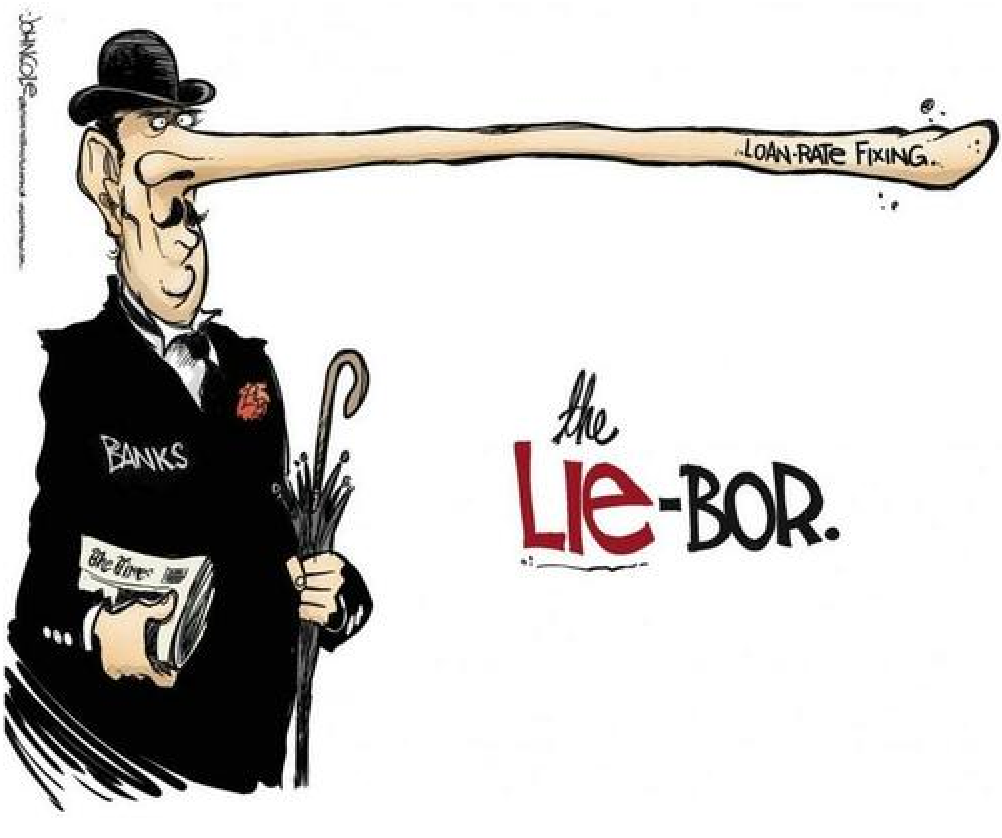
In October 2008 there was an international drive, involving the central banks of the UK, US and eurozone, to get Libor down and restore a sense of calm to the market, at a time when banks lending had almost ground to a halt.

Andrew Tyrie, who chaired the UK Treasury Committee of MPs when it enquired into Libor in 2012, told the BBC that he believed Parliament "appears to have been misled".

> ***"The evidence that Mr Verity has unearthed strongly suggests that the committee's inquiry into the Libor scandal was not told the whole truth.***
>
> *"The public rely on Parliament to get to the truth. This case illustrates why Parliament should bolster its information-gathering powers with more effective sanctions against those who provide less than the full picture.* ***Parliament appears to have been misled and, if that's the case, should not let it rest****."*

Further suppressed evidence indicates that the UK government, including 10 Downing Street, was also involved in pressuring banks to "manipulate" Libor as defined by the criminal courts – meaning seeking to obtain movements in the benchmark rate while "disregarding the proper basis for setting Libor".

If they allowed its setting to be influenced by other factors, such as the desire to avoid bad publicity or to help a bank's market trades, they could be jailed for interest rate "manipulation".



So, if Verity's allegations are true, the politicians and policy makers threw individual traders under the bus for actions they were coerced to take action on from the top-down, while at the same time admonishing those 'greedy bankers'.

> Here are a few of the most shocking extracts from the leaked phone calls (now being serialised in The Times) that show traders – some of whom ended up going to jail – were being coerced into misrepresenting rates by the highest authorities. pic.twitter.com/nJmT5iZrec
>
> — Izabella Kaminska (@izakaminska) May 22, 2023

The report alleges that the Bank of England, Banque de France, European Central Bank, Banca d'Italia, Banco de Espana and the Federal Reserve Bank of New York **interfered with the London and Euro Interbank Offered Rates, or Libor and Euriobor, benchmarks on a grand scale** as the financial crisis deepened in the fall of 2008.

Speaking in Parliament on Friday, Conservative MP David Davis urged lawmakers to back a probe into the covering up of "state involvement in Libor rigging, and the scapegoating of 37 low and middle-ranking bankers, some of whom spent years in jail.

> ***"I am also greatly concerned that the Treasury Select Committee may have been misled by state agencies about the knowledge and involvement of the state in setting false rates,"*** Davis said.

The committee chairman also said Parliament had been misled because the new evidence showed information had been withheld from the panel's 2012 probe into Libor.

> And here's Mark Dearlove, son of former MI6 boss Sir Richard Dearlove, being used as the messenger to pass on the Libor lowballing diktat from government to traders who didn't want to do it, and in some cases whistleblew but ended up in jail regardless. pic.twitter.com/8knO6qNJJN
>
> — Izabella Kaminska (@izakaminska) May 22, 2023

As one would expect, **regulators have pushed back against Verity's accusations** with BoE claiming it was "entirely false," ECB saying it "strongly rebuts" the assertions, while Bloomberg reports The FBI, the Fed, Barclays and the Treasury declined to comment to the Times.

> The story here is that the cbanks have a license to print money but also a license to disinform when they believe it's in the public interest to do so. The latter is to some degree understandable. Like state-led disinformation during a war. But innocent traders should not have…
>
> — Izabella Kaminska (@izakaminska) May 22, 2023

The latest extract ends with a hell of a cliffhanger…

> And what an extraordinary teaser right at the bottom of the story for the rest of the revelations coming later this week. Were the ultimate orders to manipulate libor coming from the US? pic.twitter.com/uyW8maeFcI
>
> — Izabella Kaminska (@izakaminska) May 22, 2023

In November 2010, investigating agencies from the **US Federal Bureau of Investigation (FBI) to the UK financial regulator were directly informed** of this – but they have since **kept it secret from Parliament, Congress and the public**.

by Tyler Durden

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Date Created
05/24/2023