United States Senate
WASHINGTON, DC 20510

July 12, 2012

The Honorable Eric H. Holder, Jr.
Attorney General
U.S. Department of Justice
950 Pennsylvania Avenue, NW
Washington, DC 20530

Dear Mr. Attorney General:

We are troubled that several of the world's largest financial institutions, including several based in the United States, may be involved in an effort to purposely misstate the London Inter-Bank Offered Rate (LIBOR), a key interest rate used in as much as $800 trillion worth of financial instruments. LIBOR is used as a basis for interest rates from mortgages to complex derivatives that impact millions of American families and businesses. It is also used by regulators and the markets to help evaluate the financial strength of our banks.

At its most basic level, manipulating LIBOR by submitting inaccurate numbers might help these financial institutions:

- improve the value of their own trading positions that are linked to LIBOR;
- improve market participants' and regulators' perceptions of their soundness, and lower their borrowing costs; and
- move the rate while they are also allowed to bet on its direction.

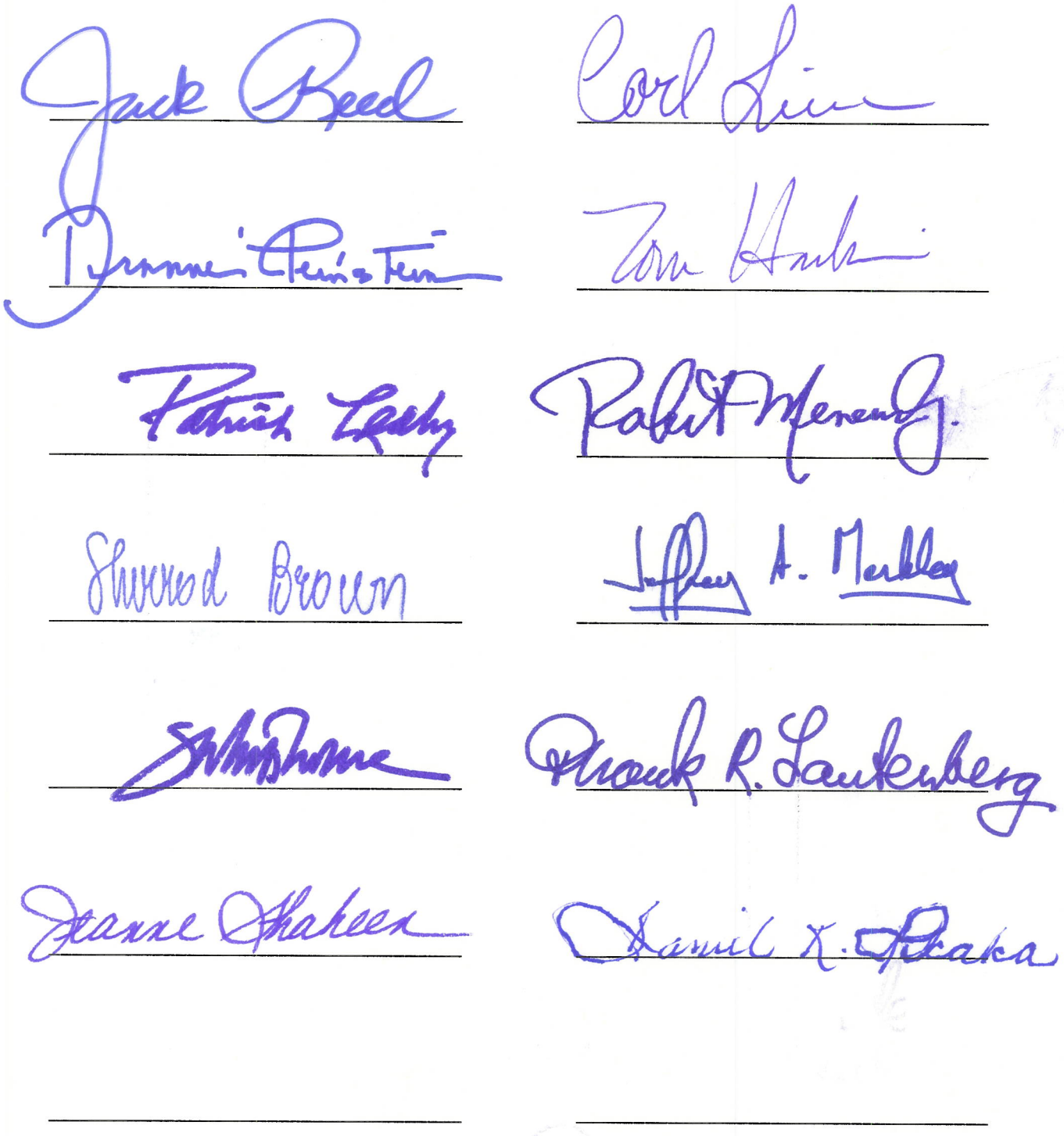
But this can, and likely did, hurt millions of American families, businesses, and municipalities.

In settlements with the Commodity Futures Trading Commission and the Department of Justice, one bank admitted and accepted responsibility for its misconduct in manipulating LIBOR. But, much more needs to be done. We urge you to direct your staff to thoroughly investigate the banks and the process involved in setting LIBOR for any wrongdoing. Banks and their employees found to have broken the law should face appropriate criminal prosecution and civil action.

We are similarly troubled by allegations that U.S. and foreign bank regulators may have been aware of this wrongdoing for years. Just like the banks and executives they oversee, regulators who were involved should be held to account for any failures to stop wrongdoing that they knew, or should have known about.

Finally, we further urge you to direct your staff to assess the current LIBOR process, to detail areas where abuse has or could occur, and to outline proposals that will restore the market's confidence.

Restoring integrity to our financial system is critical to restoring confidence in our economy. This scandal calls into further question the integrity of many Wall Street banks and whether our prosecutors and regulators are up to the task of regulating them. We urge you to help restore some of that confidence by conducting prompt and thorough investigations,

evaluating the facts, taking appropriate actions against any wrongdoers, and fixing this process so that breaches of confidence like this do not happen again.

Sincerely,