

**AMEND BOARD REPORT 12-0125-AR6**  
**APPROVE AND RATIFY PARTICIPATION IN SETTLEMENT BETWEEN**  
**VARIOUS STATE ATTORNEYS GENERAL AND BANK OF AMERICA CORPORATION**

**THE GENERAL COUNSEL REPORTS THE FOLLOWING SETTLEMENT:**

**DESCRIPTION:**

Bank of America Corporation (BAC) self-reported to the U.S. Justice Department's Antitrust Division that some of its employees had engaged in bid-rigging, price-fixing and anti-competitive Derivatives transactions from mid 1998 to early 2003. Thereafter, numerous governmental and quasi-governmental entities have filed civil suits in state and federal courts in California, the District of Columbia, New York and West Virginia against BAC's wholly owned subsidiary, Bank of America N.A. (BANA) and several other financial institutions and brokers. The suits alleged violations of state and federal antitrust and other laws in connection with transactions involving Derivatives. The suits have been transferred to the United States District Court for the Southern District of New York, and are consolidated for pretrial purposes. The complaints allege that the defendants, including BANA, conspired to violate federal and state antitrust laws by allocating customers, and stabilizing or fixing the rates of return on certain Derivatives between 1992 and the present. Some of the claims in suit are for transactions in which, although BAC did not win a bid, its employees' conduct may have affected the ultimate value of the transactions. A class-action suit brought in California includes transactions in which BAC was the winning bidder on certain kinds of Derivatives, during the period between 1992 and the present.

Separately, the Attorneys General of numerous states (AGs), including Illinois, commenced an investigation in 2008 into the allegations underlying these suits. Following their investigation, the AGs determined that not all BAC Derivatives transactions were tainted, and they negotiated a settlement with BAC that includes restitution through the creation and disbursement of a \$62.5 million settlement fund, and BAC's agreement to institute significant changes in its Derivatives program (AGs' Settlement). The Illinois AG's office has identified three Board of Education bond issues in which tainted transactions may have occurred between January 1, 1998 and December 31, 2003, and the Board's share of the settlement fund, if it agrees to participate in the AGs' Settlement, will be \$224,357.31 ~~\$200,546.68~~, based on claims received to date. Participating in the AGs' Settlement will require the Board to waive its right to pursue claims against BAC for any Derivatives transactions that occurred between January 1, 1998 and December 31, 2007. This amendment is necessary because on March 15, 2012, the Illinois Attorney General's Office identified a claim involving the Chicago School Reform Board of Trustees, and to avoid missing the submission deadline of March 16, 2012, the General Counsel executed a release for that claim. Because the possibility exists that additional claims may be uncovered, the General Counsel seeks authority for executing any further releases required for full participation in the AG's Settlement. The General Counsel will include any further claims for which releases are executed on his Delegated Authority reports.

**LSC REVIEW:** LSC approval is not applicable to this report.

**AFFIRMATIVE ACTION STATUS:** Affirmative Action review is not applicable to this report.

**FINANCIAL:** None (Board will receive \$224,357.31 ~~\$200,546.68~~)

**AUTHORIZATION:** Authorize the General Counsel to execute the Settlement Agreement(s), and all ancillary documents related thereto.

**GENERAL CONDITIONS:**

Inspector General – Each party to the agreement shall acknowledge that, in accordance with 105 ILCS 5/34-13.1, the Inspector General of the Chicago Board of Education has the authority to conduct certain investigations and that the Inspector General shall have access to all information and personnel necessary to conduct those investigations.

Conflicts – The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board member during the one year period following expiration or other termination of their terms of office.

Indebtedness – The Board's Indebtedness Policy adopted June 26, 1996 (96-0626-PO3), as amended from time to time, shall be incorporated into and made a part of the agreement.

Ethics – The Board's Ethics Code adopted May 25, 2011 (11-0525-PO2), as amended from time to time, shall be incorporated into and made a part of the agreement.

Contingent Liability – The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

APPROVED,



PATRICK J. ROCKS  
General Counsel ~~WATKINS~~

WITHIN APPROPRIATION:



DAVID WATKINS  
Chief Financial Officer