NEW YORK – Attorney General Barbara D. Underwood today announced a $68 million, 40-state settlement, with UBS for fraudulent conduct involving the manipulation of LIBOR (the London Interbank Offered Rate). LIBOR is a benchmark interest rate that affects financial instruments worth trillions of dollars and has a far-reaching impact on global markets and consumers.

New York Attorney General Underwood led the working group of State Attorneys General.

“Manipulative or fraudulent conduct that undermines the integrity of our financial markets will not be tolerated,” said Attorney General Underwood. “Our office is committed to holding financial institutions accountable for their misconduct.”

Click here to read a copy of the settlement agreement.

The Attorneys General allege that UBS misrepresented the integrity of the LIBOR benchmark by concealing, misrepresenting, and failing to disclose that UBS at times made USD LIBOR submissions to avoid negative publicity and protect the reputation of the bank, and that UBS made Yen LIBOR submissions to benefit its derivative trading positions.

As a result of its fraudulent conduct, UBS made millions in unjust gains when government entities and not-for-profit organizations entered into swaps and other financial instruments with UBS without knowing that UBS and other banks on the USD-LIBOR-setting panel were manipulating their LIBOR submissions.

Governmental and not-for-profit entities with LIBOR-linked swaps and other financial instruments with UBS will be notified if they are eligible to receive a distribution from the settlement fund.

UBS is the fourth of several USD-LIBOR-setting panel banks under investigation by the State Attorneys General to resolve the claims against it. With the UBS settlement, the States have collected $488 million in payments from the four banks, almost all of which will be distributed to state and local government entities and not-for-profits that have been harmed by these banks’ wrongful conduct. Pursuant to the settlement agreement, UBS will continue to cooperate with the States’ ongoing investigation; such cooperation helps facilitate civil enforcement efforts, including the distribution of funds to victims of the offense.

The working group was led by Attorney General Underwood and includes the Attorneys General of New York, Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of

The New York Attorney General’s investigation into LIBOR manipulation is being conducted by Antitrust Deputy Bureau Chief and Special Counsel for the Economic Justice Division Elinor R. Hoffmann, Assistant Attorney General Emily Granrud, and Legal Assistant Arlene Leventhal (all of the Antitrust Bureau); and Senior Enforcement Counsel Roger Waldman and Assistant Attorney General Desiree Cummings of the Investor Protection Bureau. OAG Chief Economist Peter Malaspina provided invaluable assistance in connection with the ultimate resolution of this case. The Antitrust Bureau, led by Bureau Chief Beau Buffier, is part of the Economic Justice Division, led by Executive Deputy Attorney General for Economic Justice Manisha M. Sheth.
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