Attorney General Steve Marshall Announces $68 Million Multistate Settlement with UBS AG (“UBS”) for Artificially Manipulating Interest Rates

In Fourth Settlement of Its Kind, State AGs Hold UBS Accountable for Manipulation of Benchmark Interest Rates

To Date, Investigation into USD-LIBOR-Setting Panel Banks Has Recovered $488 Million

(MONTGOMERY)--Attorney General Steve Marshall today announced a $68 million multi-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.

The Attorneys General of 39 states and the District of Columbia 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.

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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.