

# Attorney General Shapiro Announces \$68 Million 40-State Settlement with UBS for Manipulating Interest Rate Benchmarks

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## Press Release

December 21, 2018 | Topic: [Peoples AG](#)

*To Date, State Attorneys General Have Recovered \$488 Million from USD LIBOR-Setting Panel Banks for Misconduct*

*LIBOR Manipulation Hurt Government and Non-Profits in Pennsylvania and across the Country*

HARRISBURG — Attorney General Josh Shapiro today announced a \$68 million, 40-state settlement with UBS for fraudulent conduct involving interest rate manipulation that had a significant impact on consumers and financial markets around the world – including organizations in Pennsylvania.

UBS' fraudulent conduct involved 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.

"Pennsylvania educational institutions, municipalities and non-profit organizations were cheated by UBS' fraudulent manipulation of interest rate benchmarks," said Attorney General Josh Shapiro. "I'm focused on delivering restitution for our Commonwealth."

Pennsylvania non-profit organizations and other governmental units will receive approximately \$2.7 million in restitution from a settlement fund as part of this multistate investigation by the 40 Attorneys General.

[Click here to read a copy of the settlement agreement.](#)

The coalition of 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 LIBOR submissions to benefit its own derivative trading positions.

As a result of its fraudulent conduct, UBS made millions in unjust gains when governmental 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 USD LIBOR-setting panel bank to resolve claims following investigation by state Attorneys General. With the UBS settlement, the Attorneys General have collected \$488 million in payments from the four banks, almost all of which will be distributed to state and local governmental

entities and not-for-profits. Pursuant to the settlement agreement, UBS will continue to cooperate with the states' ongoing investigation into other USD LIBOR-setting panel banks.

In June 2018, Attorney General Shapiro entered into a settlement with Citibank for \$100 million over its manipulation of interest rate benchmarks. In October 2017, Attorney General Shapiro entered a similar settlement with Deutsche Bank for \$220 million over its manipulation of the benchmarks. In August 2016, the Office of Attorney General entered into a \$100 million settlement with Barclays Bank PLC and Barclays Capital, Inc. for the same misconduct.

"Whether it's a bank or a student loan provider, an auto maker or a credit-reporting agency, if a corporation does something that harms Pennsylvanians or Pennsylvania institutions and violates the law, I'm going to hold them accountable," Attorney General Shapiro said. "These school districts, local governments and others in our Commonwealth will get the restitution they deserve."

In addition to Attorney General Shapiro, the Attorneys General working on this multistate investigation were New York, Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Louisiana, Maine, Maryland, Massachusetts, Minnesota, Missouri, Montana, Nevada, New Hampshire, New Jersey, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Rhode Island, South Carolina, Tennessee, Virginia, Washington, West Virginia, and Wisconsin.

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