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Gurbir S. Grewal
 Attorney General



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For Immediate Release:

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Attorney General Grewal Announces \$68 Million Multi-State Settlement with UBS over LIBOR Manipulation
New Jersey Entities to Receive Approximately \$5 Million of Total Settlement

UBS settlement

TRENTON – Attorney General Gurbir S. Grewal announced today that New Jersey entities will receive approximately \$5 million in restitution as part of a \$68 million, multi-state settlement with UBS AG that resolves allegations of fraudulent and wrongful conduct involving manipulation by UBS of the London Interbank Offered Rate (LIBOR.)

LIBOR is a benchmark interest rate that affects financial instruments worth trillions of dollars, and has a widespread impact on global markets and consumers.

Under terms of the overall settlement, approximately \$5 million in restitution will be paid to governmental agencies and non-profit entities in New Jersey harmed by UBS's conduct, including approximately \$2 million to the New Jersey Economic Development Authority (EDA).

“This is an important settlement, not only for the restitution it will provide to government entities and non-profit organizations in New Jersey harmed by UBS's actions, but also for the message it sends – that when financial institutions manipulate financial markets to advance their own self-interest we will take action, and they will be held accountable,” said Attorney General Grewal.

“This kind of manipulative, unethical conduct erodes public trust in our financial institutions and the integrity of our financial markets, and that loss of public confidence can result in damage to the entire economy,” added Attorney General Grewal.

Conducted by a working group of state Attorneys General – New Jersey was part of an eight state leadership group within the working group – the investigation into UBS's conduct found that UBS acted improperly with respect to LIBOR in multiple ways. For example, UBS employees improperly made internal requests for U.S. Dollar LIBOR submissions to “err on the low side” for reputational purposes to avoid the perception that UBS had higher borrowing costs relative to its peers. When the news media began to question whether banks were submitting accurate LIBOR submissions, UBS then instructed its U.S. Dollar LIBOR submitters to be in the “middle of the pack” to avoid media scrutiny.

Given this conduct, UBS submitters and management had strong reason to believe that UBS's own U.S. Dollar submissions did not reflect its true borrowing rates as they were supposed to in accordance with published guidelines. Government entities and non-profit organizations in New Jersey and throughout the U.S., among others, were defrauded of millions of dollars when they entered into swaps and other investment instruments with UBS without knowing that UBS and other banks on the U.S. Dollar (USD)-LIBOR-setting panel were manipulating LIBOR.

In addition to the New Jersey EDA, entities in New Jersey harmed by UBS's conduct and eligible to receive restitution include: the New Jersey Division of Investment on behalf of the State's pension funds, New Jersey Turnpike Authority, Rutgers University, the New Jersey Higher Education Student Assistance Authority, Holy Name Hospital, the Delaware River Port Authority and the Robert Wood Johnson Foundation.

Across the nation, UBS will pay a total of \$64.6 million in restitution to agencies injured by its LIBOR manipulations. Approximately \$3.2 million of the settlement will go to the multi-state Working Group to pay costs and expenses related to the investigation.

UBS is the fourth of several USD-LIBOR-setting panel banks under investigation by the participating Attorneys General to resolve the claims against it. The previous three included Citibank, Deutsche Bank and Barclays Bank. New Jersey's recovery in the USB action announced today represents the State's largest recovery of the four LIBOR settlements, and brings the total recovered by the multi-state working group to more than \$480 million.

The UBS investigation on behalf of New Jersey was conducted by the Division of Law's Affirmative Civil Enforcement Practice Group in conjunction with the New Jersey Bureau of Securities. Assistant Attorney General Brian F. McDonough and Deputy Attorneys General Nicholas Dolinsky, Toral M. Joshi, Elisabeth Juterbock, Katherine Gregory, Roman Guzik and Kenneth Levine worked on the matter on behalf of the State.

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