

PRESS RELEASE

UBS to Pay \$68 Million for Allegedly Defrauding Massachusetts Governmental and Nonprofit Entities with Manipulating Interest Rates

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Office of Attorney General Maura Healey

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BOSTON — Investment banking company UBS has agreed to pay \$68 million to settle allegations that it misled governmental and nonprofit entities in Massachusetts and across the nation relating to the manipulation of LIBOR interest rates, Attorney General Maura Healey announced today.

The investigation, conducted by AG Healey and more than 40 other state attorneys general, revealed that UBS allegedly misrepresented the integrity of LIBOR rates, which are benchmark rates that banks charge each other on short-term loans, to certain trading counterparties. As a result of this conduct, UBS allegedly made millions in unjust gains at the expense of government entities and nonprofits across the country.

“UBS’ LIBOR manipulation cost Massachusetts public entities and institutions tens of millions of dollars,” said AG Healey. “This settlement will compensate the government institutions and nonprofit organizations that were defrauded by this company’s practices.”

LIBOR is calculated through submissions of interest rates by major international banks. It has a widespread influence on global markets and consumers as many financial institutions set their own rates relative to LIBOR.

The investigation revealed that several banks, including UBS, manipulated their LIBOR submissions, and discussed a perceived need to manipulate the LIBOR numbers. These communications occurred while UBS was entering into financial transactions based on LIBOR, but UBS kept this information to itself.

Eligible Massachusetts governmental and nonprofit entities are being notified of the opportunity to receive funds under the settlement.

UBS is the fourth bank to settle AG allegations of LIBOR wrongdoing. Previously, [Barclays](http://wayback.archive-it.org/1101/20180102204810/http://www.mass.gov/ago/news-and-updates/press-releases/2017/2017-08-02-settlement-with-barclays.html), [DeutscheBank](https://www.deutschebank.com/news/2017/08/02/settlement-with-barclays.html), and [Citibank](https://www.citibank.com/news/2017/08/02/settlement-with-barclays.html) settled similar allegations of fraudulent conduct relating to LIBOR manipulation. With the UBS settlement, Massachusetts and the other investigating states have collected a total of approximately \$500 million, almost all of which will be distributed to state and local government entities and nonprofits that have been harmed by these banks' wrongful conduct.

This matter is being handled by Assistant Attorneys General Madonna Cournoyer, Brook Kellerman, and Diana Hooley, and Division Chief Glenn Kaplan, all of AG Healey's Insurance and Financial Services Division.

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Attorney General Maura Healey is the chief lawyer and law enforcement officer of the Commonwealth of Massachusetts.

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