



PRESS RELEASE

Office of Attorney General Recoups More Than \$400,000 in Restitution for Maryland State Retirement System

BALTIMORE, MD (July 27, 2020) - Maryland Attorney General Brian E. Frosh announced today that the Maryland State Retirement and Pension System has received \$405,208.53 in restitution from Union Bank of Switzerland (UBS). In addition, the Attorney General's Office received \$296,000 as payment for its work on the related investigation into fraudulent conduct by major banks involving the manipulation of the LIBOR benchmark interest rate.

LIBOR, which stands for London Interbank Offered Rate is a benchmark interest rate that affects financial instruments worth trillions of dollars and has a widespread impact on global markets and ordinary consumers. The rate is an average interest rate of the rate a panel composed of 16 major banks will lend money to one another and is set on a daily basis with each bank submitting confidentially and independently its true and accurate lending rate for that day.

The LIBOR rate serves as a reference for all types of financial transactions. UBS was one of the 16 panel banks that sets LIBOR. During the financial crisis of 2008, UBS at times made LIBOR submissions calculated to avoid negative publicity, or at the request of UBS traders, lowered or raised their submissions rather than submit accurate submissions in order to favor the Bank in certain financial transactions. As a result of its fraudulent conduct, UBS made millions in unjust gains when government agencies and not-for-profit organizations entered into financial contracts with UBS that were based on LIBOR without knowing that UBS and other banks were manipulating LIBOR submissions.

“As a result of the fraudulent conduct by UBS and other international banks, Maryland agencies and non-profits suffered financial losses,” said Attorney General Frosh. “Today’s announcement is the most recent of several settlements my office has obtained for state agencies, local governments, and non-profits for the harm that they suffered.”

UBS is one of four of the LIBOR setting panel banks that has settled with Maryland and the other State Attorneys General to resolve claims of LIBOR manipulation. The other banks are Citibank, Barclays and DeutschBank. The States have collected over \$500 million in payments from these banks, several millions of which have been returned as restitution to Maryland institutions.

Previous settlements can be found here:

<http://www.marylandattorneygeneral.gov/Press/2016/080816.pdf>

<http://www.marylandattorneygeneral.gov/Press/2017/102517.pdf>

<http://www.marylandattorneygeneral.gov/Press/2018/061518.pdf>

<https://www.marylandattorneygeneral.gov/Press/2018/122118.pdf>

<https://www.marylandattorneygeneral.gov/Press/2019/120319.pdf>