

JUSTICE NEWS

Attorney General Lynch Delivers Remarks at a Press Conference on Foreign Exchange Spot Market Manipulation

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Remarks as prepared for delivery

Good morning, and thank you all for being here. I am joined today by Assistant Attorney General [Bill] Baer of the Justice Department's Antitrust Division and Assistant Attorney General [Leslie] Caldwell of the Justice Department's Criminal Division, as well as our partners from the FBI and CFTC – Assistant Director in Charge [Andrew] McCabe of the FBI's Washington Field Office, and Director [Aitan] Goelman of the CFTC's Division of Enforcement. We are here to announce a major law enforcement action against international financial institutions that for years participated in a brazen display of collusion and foreign exchange rate market manipulation – and will, as a result, pay a total of nearly \$3 billion in fines and penalties. Today's historic resolutions are the latest in our ongoing efforts to investigate and prosecute financial crimes, and they serve as a stark reminder that this Department of Justice intends to vigorously prosecute all those who tilt the economic system in their favor; who subvert our marketplaces; and who enrich themselves at the expense of American consumers.

Starting as early as December 2007, currency traders at several multinational banks formed a group dubbed "The Cartel." It is perhaps fitting that those traders chose that name, as it aptly describes the brazenly illegal behavior they were engaged in on a near-daily basis. For more than five years, traders in "The Cartel" used a private electronic chatroom to manipulate the spot market's exchange rate between euros and dollars using coded language to conceal their collusion. They acted as partners – rather than competitors – in an effort to push the exchange rate in directions favorable to their banks but detrimental to many others. The prices the market sets for those currencies influence virtually every sector of every economy in the world, and their actions inflated the banks' profits while harming countless consumers, investors and institutions around the globe – from pension funds to major corporations, and including the banks' own customers – who placed their faith in the market and relied on it to produce a competitive exchange rate.

As a result of our investigation, four of the world's largest banks have agreed to plead guilty to felony antitrust violations. They are Citicorp, JPMorgan Chase & Co., Barclays PLC, and The Royal Bank of Scotland PLC. These four banks have acknowledged their role in this conspiracy and committed to changing their corporate cultures starting at the highest levels. They have also agreed to pay criminal fines totaling more than \$2.5 billion – the largest set of antitrust fines ever obtained in the history of the Department of Justice. And the fine that Citicorp alone will pay – \$925 million – is the largest single fine ever imposed for a violation of the Sherman Act. These unprecedented figures appropriately reflect the conspiracy's breathtaking flagrancy, its systemic reach and its significant impact.

A fifth bank, Switzerland's UBS AG, has agreed to plead guilty and pay a \$203 million criminal penalty for breaching the non-prosecution agreement it entered in December 2012 regarding manipulation of the London Interbank Offered Rate, or LIBOR – a benchmark interest rate used worldwide. The breach of the NPA was based in part on UBS's fraudulent and deceptive currency trading and sales practices related to foreign exchange markets, its collusion with other participants in the FX markets and its failure to take adequate action to prevent unlawful conduct after prior civil, criminal and regulatory resolutions. In other words, UBS

promised, in other resolutions, not to commit additional crimes – but it did.

This represents the first time in recent history that the Department of Justice has found that a company breached an NPA over the objection of the company. But I want to be clear: the Department of Justice, under my watch, will not hesitate to file criminal charges for financial institutions that reoffend. And banks that cannot or will not clean up their act need to understand that non-prosecution agreements and deferred-prosecution agreements carry very real consequences and will be enforced.

The penalty all these banks will now pay is fitting considering the long-running and egregious nature of their anticompetitive conduct. It is commensurate with the pervasive harm done. And it should deter competitors in the future from chasing profits without regard to fairness, to the law or to the public welfare.

Today's resolutions are a testament to the tireless efforts of the Antitrust Division's criminal enforcement sections, the Criminal Division's Fraud Section and the FBI's Washington Field Office. I want to thank all of the agents, prosecutors, law enforcement officials and analysts who contributed their time and talents to achieving these remarkable results. I also want to express my deep appreciation for the cooperation and assistance we received from the many agencies who stood with us in our pursuit of justice, including the enforcement bodies I just mentioned – the Commodity Futures Trading Commission, the Office of the Comptroller of the Currency and the Financial Conduct Authority in the United Kingdom – as well as the Securities Exchange Commission and the Federal Reserve Bank. Finally, I would like to acknowledge my predecessor, Eric Holder, who oversaw this investigation from its inception. His relentless work made this resolution possible, and I want to thank him for his commitment to this important effort.

At this time, I'd like to introduce Assistant Attorney General [Bill] Baer, who will provide additional details on today's announcement.

Component:

Office of the Attorney General

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