

**UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

SONTERRA CAPITAL MASTER FUND LTD.,
FRONTPOINT EUROPEAN FUND, L.P.,
FRONTPOINT FINANCIAL SERVICES FUND,
L.P., FRONTPOINT HEALTHCARE FLAGSHIP
ENHANCED FUND, L.P., FRONTPOINT
HEALTHCARE FLAGSHIP FUND, L.P.,
FRONTPOINT HEALTHCARE HORIZONS FUND,
L.P., FRONTPOINT FINANCIAL HORIZONS
FUND, L.P., FRONTPOINT UTILITY AND
ENERGY FUND L.P., HUNTER GLOBAL
INVESTORS FUND I, L.P., HUNTER GLOBAL
INVESTORS FUND II, L.P., HUNTER GLOBAL
INVESTORS OFFSHORE FUND LTD., HUNTER
GLOBAL INVESTORS OFFSHORE FUND II LTD.,
HUNTER GLOBAL INVESTORS SRI FUND LTD.,
HG HOLDINGS LTD., HG HOLDINGS II LTD.,
and FRANK DIVITTO, on behalf of themselves and
all others similarly situated,

Plaintiffs,

- against -

CREDIT SUISSE GROUP AG, CREDIT SUISSE AG,
JPMORGAN CHASE & CO., THE ROYAL BANK OF
SCOTLAND PLC, UBS AG, BLUECREST CAPITAL
MANAGEMENT LLP, DEUTSCHE BANK AG, DB
GROUP SERVICES UK LIMITED, AND JOHN DOE
NOS. 1-50,

Defendants.

Docket No. 15-cv-00871 (SHS)

**AMENDED CLASS ACTION
COMPLAINT**

JURY TRIAL DEMANDED

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Plaintiffs Sonterra Capital Master Fund Ltd., FrontPoint European Fund, L.P., FrontPoint Financial Services Fund, L.P., FrontPoint Healthcare Flagship Enhanced Fund, L.P., FrontPoint Healthcare Flagship Fund, L.P., FrontPoint Healthcare Horizons Fund, L.P., Front Point Financial Horizons Fund., L.P., FrontPoint Utility and Energy Fund, L.P., Hunter Global Investors Fund I, L.P., Hunter Global Investors Fund II, L.P., Hunter Global Investors Offshore Fund Ltd., Hunter Global Investors Offshore Fund II Ltd., Hunter Global Investors SRI Fund Ltd., HG Holdings Ltd., HG Holdings II Ltd., and Frank Divitto (collectively “Plaintiffs”), complain upon knowledge as to themselves and their own acts and upon information and belief as to all other matters, against Defendants (defined in ¶¶ 38-66) for their violations of law from at least January 1, 2001 through at least December 31, 2011 (“Class Period”) as follows:

INTRODUCTION

1. For at least ten years, Defendants, some of the world’s largest banks, brokers, and hedge funds, conspired to rig the global market for foreign exchange and interest rate derivatives that were priced, benchmarked, and/or settled based on Swiss franc LIBOR (“Swiss franc LIBOR-based derivatives”), increasing their profits at the expense of Plaintiffs and the Class.

2. Defendants are horizontal competitors. They compete to provide market making services for Swiss franc LIBOR-based derivatives, purchasing, selling, and transacting in those same derivatives, in addition to competing in other aspects of their business. However, instead of competing during the Class Period, Defendants agreed to fix prices and engaged in other unlawful acts which injured competition. Defendants’ agreement involved a comprehensive strategy aimed at manipulating the prices of Swiss franc LIBOR-based derivatives both at the outset of each transaction, when these financial instruments were purchased or sold, and later when their prices were “reset” at predetermined intervals (*e.g.*, every three months) based on Swiss franc LIBOR.

3. In a scheme akin to *In re NASDAQ Market-Makers Antitrust Litigation*,¹ European Commission (“EC”) fined four Defendants, UBS AG (“UBS”), The Royal Bank of Scotland plc (“RBS”), JPMorgan Chase & Co. (“JPMorgan”), and Credit Suisse Group AG (“Credit Suisse”) for anti-competitively operating a cartel to fix the “bid-ask spread,” the difference between prices at which they offered to buy and sell, Swiss franc LIBOR-based derivatives.² Conspiring to create a wider spread generated increased profits for these market makers by systematically overcharging Class members for purchases and systematically underpaying Class members for sales of Swiss franc LIBOR-based derivatives.

4. In addition to defrauding their counterparties on the purchase or sale of Swiss franc LIBOR-based derivatives, UBS, RBS, JPMorgan, Credit Suisse, and Deutsche Bank, which each held a seat on the British Bankers Association (“BBA”) Swiss franc LIBOR panel (collectively the “Contributor Bank Defendants”), generated additional illicit profits by coordinating their efforts to rig Swiss franc LIBOR, the interest rate used to price, benchmark and/or settle these same financial instruments. By rigging Swiss franc LIBOR, Defendants controlled the prices of Swiss franc LIBOR-based derivatives throughout the Class Period, allowing Defendants to further injure competition by tipping the market in their favor every trading day.

5. Defendants rigged Swiss franc LIBOR by exploiting the mathematical nature of the LIBOR fixing. Swiss franc LIBOR was calculated each day based on what twelve Swiss franc LIBOR panel banks said they would need to pay in interest to attract deposits of Swiss francs at 11 A.M. London time. Instead of making accurate submissions, Contributor Bank

¹ 894 F. Supp. 703 (S.D.N.Y. 1995) (upholding claim for agreement to fix prices against market makers who, as here, widened the bid-ask spread).

² See *Antitrust: Commission Settles Cartel on Bid-Ask Spreads Charged on Swiss franc Interest Rate Derivatives; Fines Four Major Banks €32.3 million*, EUROPEAN COMMISSION (Oct. 21, 2014), http://europa.eu/rapid/press-release_IP-14-1190_en.htm (hereinafter “EC Bid-Ask Spread Cartel Settlement”).

Defendants, who controlled 42% of the seats on the panel, agreed to fix their submissions at artificial levels that did not reflect the competitive rate of interest offered on Swiss franc deposits. By coordinating their submissions, Defendants caused the composite, published Swiss franc LIBOR to reflect their needs, rather than forces of competition, manipulating the rate in a direction that financially benefited their own Swiss franc LIBOR-based derivatives positions.

6. Defendants manipulated Swiss franc LIBOR with such precision that at least one Defendant, Deutsche Bank, maintained a pre-programmed spreadsheet to calculate the exact impact of its false Swiss franc LIBOR submissions. Given the high “notional value,” or amount of Swiss francs underlying each Swiss franc LIBOR-based derivative, small manipulations of Swiss franc LIBOR resulted in massive profits for the Defendants.³ Deutsche Bank used its spreadsheet as a tool during the Class Period to optimize its false submissions, fine tuning their effect on Swiss franc LIBOR to squeeze every illegitimate dollar possible from its trades.

7. By conspiring, these competitors generated exponentially more revenue than they would have through honest competition, directly causing substantial damages to Class members. As one RBS derivatives trader put it, “its just amazing how libor fixing can make you that much money.”⁴ After implementing their scheme, revenue from RBS’ Swiss franc LIBOR-based derivatives trading increased by 420%.⁵ Revenue from Deutsche Bank’s Money Market Derivatives (“MMD”) desk, which also traded Swiss franc LIBOR-based derivatives, more than quadrupled, increasing from €99 million in 2007 to over €1.9 billion, or roughly 14% of the

³ For example, a change in LIBOR of just 1 basis point, *i.e.*, one one-hundredth of one percent, could be worth more than \$125,000 in illicit profits. *See* Anjuli Davies, *Ex-Trader Dropped Plan to Recruit Step Brother in London Libor Case*, REUTERS (May 27, 2015), <http://uk.reuters.com/article/2015/05/27/uk-trial-libor-hayes-idUKKBN0OC1ON20150527>.

⁴ Commodity Futures Trading Commission Order Instituting Proceedings Pursuant to Sections 6(c) and 6(d) of the Commodity Exchange Act, Making Findings and Imposing Remedial Sanctions against The Royal Bank of Scotland plc and RBS Securities Japan Limited, CFTC Docket No. 13-14 (February 6, 2013) at 2 (hereinafter “RBS CFTC Order”).

⁵ *See id.* at 25 n.20.

bank's *total* revenue, in 2008.⁶ Cartel-member UBS enjoyed the same benefits, as revenues from its rates business increased "driven mainly by structured LIBOR derivatives,"⁷ while BlueCrest Capital Management, an identified Deutsche Bank co-conspirator, prolonged a decade-long winning streak with no annual losses for its two largest funds.⁸

8. Fueled by greed, Defendants built their business around manipulation. They rearranged their Swiss franc LIBOR-based derivatives desks to encourage cooperation among traders, whose compensation was directly determined by their Swiss franc-LIBOR based derivatives portfolio's performance, and the Swiss franc LIBOR submitters, whose quotes to the BBA determined the daily Swiss franc LIBOR fix. For example, desk managers at Defendant Deutsche Bank held weekly meetings to educate traders about which manipulative strategies they should implement, while Defendant UBS made it a company policy to "round" its Swiss franc LIBOR submissions *every day* to financially benefit the bank's derivative positions.

9. In true Wall Street fashion, the best manipulators were promoted and paid like rock stars. Christian Bittar, a trader and later manager at Deutsche Bank who executed the LIBOR manipulation strategy across multiple currencies, received an individual performance bonus of £90 million, or roughly \$136 million, for his contributions to Deutsche Bank's bottom line in 2008 alone.⁹ Bittar eventually ended up at Defendant BlueCrest Capital Management,

⁶ See CFTC Order Instituting Proceedings Pursuant to Sections 6(c) and 6(d) of the Commodity Exchange Act, Making Findings, and Imposing Remedial Sanctions against Deutsche Bank AG, at 9 n. 16 CFTC Docket No. 15-20 (Apr. 23, 2015) (hereinafter "Deutsche Bank CFTC Order").

⁷ See UBS Form 20-F, at 28 (Dec. 31, 2006).

⁸ See Jesse Westbrook, *Man Who Said No to Soros Builds BlueCrest Into Empire*, BLOOMBERG L.P. (Dec. 19, 2013) <http://www.bloomberg.com/news/articles/2013-12-20/man-who-said-no-to-soros-builds-bluecrest-into-empire>.

⁹ See DOJ Deferred Prosecution Agreement and Attachment A Statement of Facts with Deutsche Bank AG at 22-23, ¶39, *USA v. Deutsche Bank AG*, No. 15cr61, Dkt. No. 6 (D. Conn. Apr. 23, 2015) (hereinafter "Deutsche Bank DOJ Statement of Facts").

despite being publicly fired from Deutsche Bank for his involvement in multiple schemes to rig several benchmark interest rates.¹⁰

10. Beyond plausible, this case is grounded in the factual findings of five government regulators, guilty pleas to criminal acts of wire fraud, testimony from the ongoing criminal trials of LIBOR-based derivative traders, and admissions of fact from Defendants themselves. In what Judge Rakoff has called “one of the . . . largest frauds in history,”¹¹ Defendants have already paid in excess of \$7 billion in fines and penalties to resolve charges relating to their admitted restraint of trade and manipulation of LIBOR, including Swiss franc LIBOR and the prices of Swiss franc LIBOR-based derivatives.

11. Defendants knew what they were doing was unlawful and, like most crooks, actively concealed their wrongdoing from the public, evading detection. For example, they communicated in secret electronic chat rooms using code words like “arbi” to signal a request for a false submission¹² or “curry” to indicate a bribe.¹³ To further hide the substance of their communications, Defendants intentionally took them “offline,” using mobile phones or meeting in person, to avoid detection and conspire secretly. In what is the most brazen act of fraudulent concealment revealed to date, Deutsche Bank repeatedly lied to the U.K. Financial Conduct

¹⁰ See Lindsay Fortado & Suzi Ring, *Christian Bittar is Said to Leave Firm*, BLOOMBERG L.P. (Oct. 9, 2014), <http://www.bloomberg.com/news/articles/2014-10-09/blucrest-trader-christian-bittar-is-said-to-leave-firm>.

¹¹ See *USA v. Paul Robson*, No. 1:14-cr-00272, Dkt. No. 21, at 23 (S.D.N.Y. Sept. 2, 2014).

¹² For example, UBS derivatives traders frequently used the code words “arbitrage,” “arb,” or “arbi” to disguise their requests for false LIBOR submissions. See Commodity Futures Trading Commission Order Instituting Proceedings Pursuant to Sections 6(c) and 6(d) of the Commodity Exchange Act Making Findings and Imposing Remedial Sanctions against UBS AG and UBS Securities Japan Co., Ltd., CFTC Docket No. 13-09 (Dec. 19, 2012) at 22 n. 15 (hereinafter “UBS CFTC Order”).

¹³ At least one UBS derivatives trader offered to supply “copious amounts of curry,” *i.e.*, bribes in the form of sham commission payments, to inter-dealer brokers in exchange for their assistance manipulating LIBOR. See Euan McLelland, *Citi trader accused of being ‘ringmaster’ in Libor-rigging fraud boasted: ‘You want every little bit of money you can possibly get,’* THE DAILY MAIL (May 26, 2015), available at <http://www.dailymail.co.uk/news/article-3097327/City-trader-accused-ring-master-Libor-rigging-fraud-boasted-want-little-bit-money-possibly-get.html>.

Authority (“FCA”), misrepresenting the extent of its compliance measures and refusing to turn over documents demonstrating its misconduct, falsely stating to the FCA that BaFin, the German financial regulator, prohibited it from providing that data.¹⁴ These statements were knowingly false. They were made by Deutsche Bank’s senior managers’ and compliance officers’ to mislead government regulators and hide the extent of their wrongdoing.

12. Given the persistent, pervasive, and secret nature of the Defendants’ wrongdoing, as well as: (a) Defendants success in covering up such wrongdoing for over a decade; and (b) the negotiated nature of their government settlement agreements, Plaintiffs believe that substantial evidentiary support for the claims alleged herein will be unearthed after a reasonable opportunity for discovery.

JURISDICTION AND VENUE

13. This Court has subject matter jurisdiction under 28 U.S.C. §§ 1331 and 1337(a), and pursuant to §§ 4 and 16 of the Clayton Act, 15 U.S.C. §§ 15(a) and 26, and § 22 of the CEA, 7 U.S.C. § 25, in addition to § 1964 of RICO, 18 U.S.C. § 1964, respectively.

14. Venue is proper in this District pursuant to, among other statutes, Section 22 of the CEA, 7 U.S.C. § 25(c), §§ 4, 12, and 16 of the Clayton Act, 15 U.S.C. §§ 15(a), 22 and 26, § 1965 of RICO, 18 U.S.C. § 1965, and 28 U.S.C. § 1391(b), (c), and (d). One or more of the Defendants resided, transacted business, were found, or had agents in this District and a substantial portion of the affected interstate trade and commerce described in this Complaint was carried out in this District.

15. Each Defendant is subject to personal jurisdiction because it transacted business throughout the United States, including in this District, by transacting in Swiss franc LIBOR-

¹⁴ FCA Final Notice to Deutsche Bank, Reference No. 150018, at 12 (hereinafter “Deutsche Bank FCA Final Notice”).

based derivatives that are priced, benchmarked, and/or settled based on Swiss franc LIBOR from within the United States and with U.S. counterparties. Defendants Credit Suisse, Deutsche Bank, and RBS consented to the personal jurisdiction of the United States Courts by registering their New York City branch offices with the New York State Department of Financial Services (“NYSDFS”) under New York State Banking Law §§ 200 and 201.¹⁵ Defendant UBS consented to personal jurisdiction in the United States by registering with the Connecticut Department of Banking under Section 36a-428g of the Connecticut General Statutes.

16. Defendants, directly and indirectly, unilaterally and in concert, made use of the means and instrumentalities of transportation or communication in, or the instrumentalities of, interstate commerce, specifically through use of electronic messaging and other electronic means of communication transmitted by wire across interstate and international borders in connection with the unlawful acts and practices alleged in this Complaint. For example, through their daily electronic transmission of false Swiss franc LIBOR submissions, Defendants themselves transmitted and caused Thomson Reuters (the BBA’s agent who collected and calculated Swiss franc LIBOR during the Class Period) to transmit a false and misleading Swiss franc LIBOR fix (as well as Defendants’ own Swiss franc LIBOR submissions) from within the United States to U.S. investors who transacted in Swiss franc LIBOR-based derivatives.

17. The United States courts have jurisdiction over the claims asserted in this Complaint pursuant to § 22 of the CEA, 7 U.S.C. § 25, §1 of the Sherman Antitrust Act, 15 U.S.C. § 1, §§ 4 and 16 of the Clayton Act, 15 U.S.C. §§ 15 and 26(a), § 1964 of RICO, 18 U.S.C. § 1964, and 28 U.S.C. §§ 1331 and 1337, respectively. Additionally, Swiss franc LIBOR and Swiss franc LIBOR-based derivatives contracts are each a commodity that trades in U.S.

¹⁵ See *Aldo Vera v. Republic of Cuba*, No. 12 Civ. 1596, 2015 U.S. Dist. LEXIS 32846 (S.D.N.Y. Mar. 17, 2015).

interstate commerce. Swiss franc LIBOR is a “commodity” and is the “commodity underlying” Swiss franc LIBOR-based derivatives contracts, as those terms are defined and used in Section 1a(9) and 22 of the CEA, 7 U.S.C. §§ 1a(9) and 25(a)(1)(D), respectively. More specifically, Swiss franc LIBOR is an “excluded commodity” as that term is defined in Section 1a(19), 7 U.S.C. §§ 1a(19) (formerly 7 U.S.C. §1a(13)). In the CEA, the term ““excluded commodity” means (i) an interest rate, exchange rate, currency, security, security index, credit risk or measure, debt or equity instrument, index or measure of inflation, or other macroeconomic index or measure” Excluded commodities are subject to all CFTC anti-manipulation rules, including Section 9(a)(2), which criminalizes the dissemination of false market information.

18. Defendants’ restraints of trade, intentional misreporting, manipulation and agreements to fix the price of Swiss franc LIBOR and manipulation of the prices of Swiss franc LIBOR-based derivatives had direct, substantial and foreseeable effects in the United States, and on the Swiss franc LIBOR-based derivatives Plaintiffs and members of the Class transacted in during the Class Period. Millions of Swiss franc LIBOR-based derivatives were traded in the United States and by U.S. investors during the Class Period. Defendants, as Swiss franc LIBOR contributor banks and sophisticated market participants, knew that Swiss franc LIBOR rates published and compiled by and on behalf of the BBA are disseminated in the United States and are used to price, benchmark, and/or settle Swiss franc LIBOR-based derivatives contracts traded in the United States. For these reasons, Defendants knew that misreporting Swiss franc LIBOR as well as other manipulative and collusive conduct, such as fixing the bid-ask spread in the Swiss franc LIBOR-based derivatives market, would, and did, have direct, substantial, and reasonably foreseeable effects in the United States, including on the prices of Swiss franc LIBOR-based derivatives contracts transacted in the United States.

19. Defendants' manipulative conduct, as alleged herein, had a direct, substantial, and reasonably foreseeable effect on U.S. domestic commerce, and such effects give rise to Plaintiffs' claims, within the meaning of the Foreign Trade Antitrust Improvements Act.

PARTIES

20. Plaintiff Sonterra Capital Master Fund, Ltd. ("Sonterra") is an investment fund with its principal place of business in New York. Sonterra engaged in U.S.-based transactions for Swiss franc LIBOR-based derivatives, including Swiss franc foreign exchange forwards, during the Class Period at artificial prices proximately caused by Defendants' unlawful manipulation and restraint of trade as alleged herein. As a consequence of Defendants' manipulative conduct, Sonterra was damaged and suffered legal injury.

21. Plaintiff FrontPoint European Fund, L.P. ("FrontPoint European") is a Delaware limited partnership with its principal place of business in Greenwich, Connecticut. During the Class Period, FrontPoint European engaged in U.S.-based transactions for Swiss franc LIBOR-based derivatives, including Swiss franc foreign exchange forwards, directly with Defendant UBS at artificial prices proximately caused by Defendants' unlawful manipulation and restraint of trade as alleged herein. As a result of Defendants' manipulative conduct, FrontPoint European was damaged and suffered legal injury.

22. Plaintiff FrontPoint Financial Services Fund, L.P. ("FrontPoint Financial Services") is a Delaware limited partnership with its principal place of business in Greenwich, Connecticut. During the Class Period, FrontPoint Financial Services engaged in U.S.-based transactions for Swiss franc LIBOR-based derivatives, including Swiss franc foreign exchange forwards, at artificial prices proximately caused by Defendants' unlawful manipulation and restraint of trade as alleged herein. As a result of Defendants' manipulative conduct, FrontPoint Financial Services was damaged and suffered legal injury.

23. Plaintiff FrontPoint Healthcare Flagship Enhanced Fund, L.P. (“FrontPoint Healthcare Enhanced”) is a Delaware limited partnership with its principal place of business in Greenwich, Connecticut. During the Class Period, FrontPoint Healthcare Enhanced engaged in U.S.-based transactions for Swiss franc LIBOR-based derivatives, including Swiss franc foreign exchange forwards, directly with Defendants UBS and Credit Suisse at artificial prices proximately caused by Defendants’ unlawful manipulation and restraint of trade as alleged herein. As a result of Defendants’ manipulative conduct, FrontPoint Healthcare Enhanced was damaged and suffered legal injury.

24. Plaintiff FrontPoint Healthcare Flagship Fund, L.P. (“FrontPoint Healthcare Flagship”) is a Delaware limited partnership with its principal place of business in Greenwich, Connecticut. During the Class Period, FrontPoint Healthcare Flagship engaged in U.S.-based transactions for Swiss franc LIBOR-based derivatives, including Swiss franc foreign exchange forwards, directly with Defendants UBS and Credit Suisse at artificial prices proximately caused by Defendants’ unlawful manipulation and restraint of trade as alleged herein. As a result of Defendants’ manipulative conduct, FrontPoint Healthcare Flagship was damaged and suffered legal injury.

25. Plaintiff FrontPoint Healthcare Horizons Fund, L.P. (“FrontPoint Healthcare Horizons”) is a Delaware limited partnership with its principal place of business in Greenwich, Connecticut. During the Class Period, FrontPoint Healthcare Horizons engaged in U.S.-based transactions for Swiss franc LIBOR-based derivatives, including Swiss franc foreign exchange forwards, directly with Defendants UBS and Credit Suisse at artificial prices proximately caused by Defendants’ unlawful manipulation and restraint of trade as alleged herein. As a result of

Defendants' manipulative conduct, FrontPoint Healthcare Horizons was damaged and suffered legal injury.

26. Plaintiff FrontPoint Financial Horizons Fund, L.P. ("FrontPoint Financial Horizons") is a Delaware limited partnership with its principal place of business in Greenwich, Connecticut. During the Class Period, FrontPoint Financial Horizons engaged in U.S.-based transactions for Swiss franc LIBOR-based derivatives, including Swiss franc foreign exchange forwards, at artificial prices proximately caused by Defendants' unlawful manipulation and restraint of trade as alleged herein. As a result of Defendants' manipulative conduct, FrontPoint Financial Horizons was damaged and suffered legal injury.

27. Plaintiff FrontPoint Utility and Energy Fund, L.P. ("FrontPoint Utility") is a Delaware limited partnership with its principal place of business in Greenwich, Connecticut. During the Class Period, FrontPoint Utility engaged in U.S.-based transactions for Swiss franc LIBOR-based derivatives, including Swiss franc foreign exchange forwards, directly with Defendants UBS and Credit Suisse at artificial prices proximately caused by Defendants' unlawful manipulation and restraint of trade as alleged herein. As a result of Defendants' manipulative conduct, FrontPoint Utility was damaged and suffered legal injury.

28. Collectively, FrontPoint European, FrontPoint Financial Services, FrontPoint Healthcare Enhanced, FrontPoint Healthcare Flagship, FrontPoint Healthcare Horizons, FrontPoint Financial Horizons, and FrontPoint Utility are referred to as the "FrontPoint Plaintiffs."

29. Plaintiff Hunter Global Investors Fund I L.P. ("Hunter Global I") is a Delaware limited partnership with its principal place of business in New York. During the Class Period, Hunter Global I engaged in U.S.-based transactions for Swiss franc LIBOR-based derivatives,

including Swiss franc foreign exchange forwards, at artificial prices proximately caused by the Defendants' unlawful manipulation and restraint of trade as alleged herein. As a result of Defendants' manipulative conduct, Hunter Global I was damaged and suffered legal injury.

30. Plaintiff Hunter Global Investors Fund II L.P. ("Hunter Global II") is a Delaware limited partnership with its principal place of business in New York. During the Class Period, Hunter Global II engaged in U.S.-based transactions for Swiss franc LIBOR-based derivatives, including Swiss franc foreign exchange forwards, at artificial prices proximately caused by the Defendants' unlawful manipulation and restraint of trade as alleged herein. As a result of Defendants' manipulative conduct, Hunter Global II was damaged and suffered legal injury.

31. Plaintiff Hunter Global Investors Fund Offshore Fund Ltd. ("Hunter Global Offshore I") is an investment fund with its principal place of business in New York. During the Class Period Hunter Global Offshore I engaged in U.S.-based transactions for Swiss franc LIBOR-based derivatives, including Swiss franc foreign exchange forwards, at artificial prices proximately caused by Defendants' unlawful manipulation and restraint of trade as alleged herein. As a result of Defendants' manipulative conduct, Hunter Global Offshore I was damaged and suffered legal injury.

32. Plaintiff Hunter Global Investors Offshore Fund II Ltd. ("Hunter Global Offshore II") is an investment fund with its principal place of business in New York. During the Class Period Hunter Global Offshore II engaged in U.S.-based transactions for Swiss franc LIBOR-based derivatives, including Swiss franc foreign exchange forwards, at artificial prices proximately caused by Defendants' unlawful manipulation and restraint of trade as alleged herein. As a result of Defendants' manipulative conduct, Hunter Global Offshore II was damaged and suffered legal injury.

33. Plaintiff Hunter Global Investors SRI Fund Ltd. (“Hunter Global SRI”) is an investment fund with its principal place of business in New York. During the Class Period Hunter Global SRI engaged in U.S.-based transactions for Swiss franc LIBOR-based derivatives, including Swiss franc foreign exchange forwards, at artificial prices proximately caused by Defendants’ unlawful manipulation and restraint of trade as alleged herein. As a result of Defendants’ manipulative conduct, Hunter Global SRI was damaged and suffered legal injury.

34. Plaintiff HG Holdings Ltd. (“HG Holdings I”) is an investment fund with its principal place of business in New York. During the Class Period HG Holdings I engaged in U.S.-based transactions for Swiss franc LIBOR-based derivatives at artificial prices proximately caused by Defendants’ unlawful manipulation and restraint of trade as alleged herein. As a result of Defendants’ manipulative conduct, HG Holdings I was damaged and suffered legal injury.

35. Plaintiff HG Holdings II Ltd. (“HG Holdings II”) is an investment fund with its principal place of business in New York. During the Class Period HG Holdings II engaged in U.S.-based transactions for Swiss franc LIBOR-based derivatives, including Swiss franc foreign exchange forwards, at artificial prices proximately caused by Defendants’ unlawful manipulation and restraint of trade as alleged herein. As a result of Defendants’ manipulative conduct, HG Holdings II was damaged and suffered legal injury.

36. Collectively, Hunter Global I, Hunter Global II, Hunter Global Offshore I, Hunter Global Offshore II, Hunter Global SRI, HG Holdings I, and HG Holdings II are referred to as the “Hunter Plaintiffs.”

37. Plaintiff Frank Divitto (“Divitto”) is a natural person and resident of Brecksville, Ohio. During the Class Period, Divitto engaged in U.S.-based transactions for Swiss franc LIBOR-based derivatives, including Swiss Franc currency futures contracts traded on the

Chicago Mercantile Exchange (“CME”) at artificial prices proximately caused by Defendants’ unlawful manipulation and restraint of trade as alleged herein. As a result of Defendants’ manipulative conduct alleged herein, Plaintiff Divitto was damaged and suffered legal injury, including a net loss on his Swiss franc LIBOR-based derivatives transactions.

A. The BlueCrest Defendant

38. Defendant BlueCrest Capital Management LLP (“BlueCrest”) is a private limited liability partnership formed under the laws of England and Wales. BlueCrest is an investment advisory services firm specializing in investment management for hedge funds and managed accounts. BlueCrest succeeded its predecessor limited partnership, BlueCrest Capital Management L.P., in 2008. BlueCrest operates within the United States, including within this District through various sub-entities, including BlueCrest Capital Management (New York) LP (“BlueCrest New York”). BlueCrest New York is a Delaware limited partnership with its principal place of business located at 767 5th Ave. New York, NY 10153.

39. BlueCrest acts as a commodity pool operator and commodity trading adviser for certain clients and was registered with the Commodity Futures Trading Commission (“CFTC”), Security Exchange Commission, and National Futures Association (“NFA”). BlueCrest is one of Europe’s largest alternative asset management groups. BlueCrest manages an interest-rate-focused fund and a managed futures fund, which use complex computer models to profit from trends in global futures markets. In addition, BlueCrest advises clients on a number of investment strategies, including mixed arbitrage trading to take advantage of prices differences in various investments in different markets, managed futures trading, quantitative strategies and relative value strategies. BlueCrest charges clients performance-based compensation, as well as monthly management and advisory fees. As of January 1, 2014, BlueCrest disclosed assets

managed on a discretionary basis in the amount of \$35.8 billion and assets managed on a non-discretionary basis in the amount of \$17 million.

40. On April 23, 2015, the NYSDFS revealed that BlueCrest conspired with Defendant Deutsche Bank to manipulate Swiss franc LIBOR for its financial benefit, requesting that Deutsche Bank make a false 1 month Swiss franc LIBOR submission on February 10, 2005.¹⁶ Upon information and belief, that request was sent via electronic communication to a Deutsche Bank Swiss franc LIBOR-based derivatives trader and/or Swiss franc LIBOR submitter located in New York.

41. Defendant BlueCrest has deep connections to the Contributor Bank Defendants, including several individual traders directly involved in the manipulation of LIBOR. In addition to being funded in part by Defendant JPMorgan, BlueCrest hired Deutsche Bank master manipulator Christian Bittar after he was publicly fired by Deutsche Bank for his involvement in various rate-rigging schemes.¹⁷

B. The Credit Suisse Defendants

42. Defendant Credit Suisse Group AG (“Credit Suisse Group”) is a Swiss banking and financial services company incorporated in Switzerland. Credit Suisse Group provides a broad range of services to individual and corporate clients, such as investment banking, private banking, and asset management for customers located globally. Of its six primary offices, one is located in this District at 11 Madison Avenue, New York, New York 10010. Together with its

¹⁶ See *In re Deutsche Bank AG, Deutsche Bank AG, New York Branch*, Consent Order Under New York Banking Law §§ 44 and 44-a at 10 (Apr. 23, 2015) (hereinafter “Deutsche Bank NYSDFS Consent Order”).

¹⁷ See Westbrook, *supra* note 8.

subsidiaries, Credit Suisse Group employs over 8,000 people in the United States, 7,840 of which are in New York.¹⁸

43. Defendant Credit Suisse AG, a wholly owned subsidiary of Defendant Credit Suisse Group, maintains an office at 11 Madison Ave. New York, NY 10010. Credit Suisse AG is licensed, supervised, and regulated by the NYSDFS to do business in this state. Credit Suisse AG is also licensed and supervised by the Board of Governors of the Federal Reserve System. Collectively, Defendants Credit Suisse Group and Credit Suisse AG are referred to as “Credit Suisse.”

44. In 2013, Credit Suisse ranked first in overall fixed income trading in the United States with the largest market share of all dealers.¹⁹ Credit Suisse’s U.S.-based dealers trade in the over-the-counter foreign exchange and derivatives markets, which includes interest rate swaps, forward rate agreements, foreign exchange swaps, and currency swaps, priced, benchmark and/or settled based on Swiss franc LIBOR.²⁰ Credit Suisse’s Investment Banking Department houses its Rate Products Team, which is a global market maker in cash and derivatives markets and a primary dealer in the United States, trading, *inter alia*, interest rate swaps and options and other risk management structures and forms.

45. During the Class Period, Credit Suisse was a BBA Swiss franc LIBOR contributor panel bank. In Credit Suisse’s Form 20-F filed annually with the U.S. Securities Exchange Commission, Credit Suisse lists numerous securities that are listed on the New York Stock Exchange (“NYSE”) and other U.S. exchanges. Credit Suisse also operates in the United

¹⁸ Decl. of Pierre Schreiber in Support of Credit Suisse Group AG’s Mot. to Dismiss, Case No. 11-02262, ECF 765.

¹⁹ See Greenwich Associates, *2013 Greenwich Leaders: U.S. Fixed Income*, at 1.

²⁰ See Federal Reserve Bank of New York, *The Foreign Exchange and Interest Rate Derivatives Markets: Turnover in the United States, April 2007*, at 12, 16-17 (Credit Suisse participated in the survey by submitting data on its U.S.-based transactions in Swiss franc LIBOR-based derivatives) (hereinafter “Federal Reserve Bank of New York 2007 Survey”).

States through direct and indirect subsidiaries, including Credit Suisse Holdings (USA), Inc., Credit Suisse (USA), Inc., Credit Suisse Securities (USA), Inc., Credit Suisse Securities (USA) LLC and Credit Suisse International, which all have offices in New York. Credit Suisse's wholly-owned subsidiary, Credit Suisse Securities (USA) LLC ("CSSU"), is headquartered in New York. During the Class Period, CSSU was a Clearing Firm on several of the CME Group's Exchanges, including the CME, NYMEX, Chicago Board of Trade ("CBOT"), and Commodities Exchange Inc. ("COMEX").

46. The global head of investment banking for Credit Suisse, James Armine, is based in New York. Also, the global head of Mergers and Acquisitions at Credit Suisse, Scott Lindsay, is based in New York. Mike Paliotta, Credit Suisse's co-head of U.S. Equities, is a senior manager based in New York. Dan Mathisson, the head of U.S. cash and subsequently equities trading and execution, and Timothy O'Hara, the global head of equities, likewise are based in the United States, with O'Hara based in New York. Another senior manager, Colin Lovemason, the head of market risk and quantitative analytics at Credit Suisse Group, is based in New York. Credit Suisse Group also disclosed in its Resolution Plan that it operates a global structure in four separate regions, which includes the "Americas." The Chief Executive Officer of Credit Suisse Americas is Robert Shafir, a citizen of the United States, and Mr. Shafir serves as the Chief Executive Officer of Asset Management for Credit Suisse and also serves as a member of Credit Suisse's Executive Boards.

47. Credit Suisse Group's U.S.-based dealers actively trade in the over-the-counter foreign exchange and interest rate derivatives markets, which includes interest rate swaps,

forward rate agreements, foreign exchange swaps, and currency swaps.²¹ During the Class Period, Credit Suisse directly transacted Swiss franc LIBOR-based derivatives with U.S. counterparties, including the FrontPoint Plaintiffs, which are located in Greenwich, Connecticut.

48. Credit Suisse's U.S. broker-dealer subsidiary has been operating continuously in the United States since 1932, when the First Boston Corporation was founded, according to testimony that Credit Suisse's managing director, Daniel Mathisson, provided to the U.S. Senate Banking Housing, Urban Affairs committee on October 28, 2009, regarding trading and market structure issues. Credit Suisse's Advanced Execution Services is a team of approximately 200 financial and technological professions based in New York that executes trades electronically on behalf of mutual funds, pension funds, hedge funds, and other broker-dealers.

49. Credit Suisse acknowledged that it directly participated in a collusive agreement, and concerted practice to form a cartel, and anticompetitive conduct through online chats on Bloomberg or Reuters platforms, e-mails and telephone contacts with respect to Swiss franc Libor-based with a maturity of up to 24 months during May 7, 2007 through September 25, 2007, with Defendants RBS, UBS, and JPMorgan.²² At all relevant times, Credit Suisse acted as a market maker. Credit Suisse also acknowledged that it exercised decisive influence over its subsidiaries and is jointly and severally liable for their conduct for the whole duration of their participation in the anticompetitive conduct and agreement.

²¹ See *id.* at 12, 16-17 (Credit Suisse participated in the survey as both a foreign exchange dealer and an interest rate derivatives dealer, requiring transactions to be reported "on the basis of the location of the dealer agreeing to conduct the transaction.").

²² See EC Bid-Ask Spread Cartel Settlement, *supra* note 2.

C. The Deutsche Bank Defendants

50. Defendant Deutsche Bank AG (“Deutsche Bank”) is a German financial services company headquartered in Frankfurt, Germany. During the Class Period, Deutsche Bank was a member of the BBA Swiss franc LIBOR panel.

51. Deutsche Bank’s U.S. headquarters are in New York.²³ Its New York branch (“Deutsche Bank AG, New York Branch”) is located in this District at 60 Wall Street, New York, NY 10005. Deutsche Bank AG, New York Branch is licensed, supervised, and regulated by the NYSDFS to do business in this state. Deutsche Bank is also registered with the Board of Governors of the Federal Reserve System. Deutsche Bank AG, New York Branch has more than 1,700 employees and total assets exceeding \$152 billion. Deutsche Bank is a registered swap dealer with the CFTC. From 2006 through 2011, Deutsche Bank operated its Global Finance and Foreign Exchange (“GFFX”) desk—which includes its Global Finance FX Forwards (“GFF”) and foreign exchange (“FX”) units—from several offices around the world, including in New York.²⁴ Its GFF unit engaged in pool trading and MMD throughout the Class Period.

52. Deutsche Bank manipulated Swiss franc LIBOR and the prices of Swiss franc LIBOR-based derivatives from within this District during the Class Period. On April 23, 2015, Deutsche Bank and Deutsche Bank AG, New York Branch paid a \$600 million fine to the NYSDFS, admitting that between 2005 and 2010, Deutsche Bank AG, New York Branch manipulated LIBOR for several currencies, including Swiss franc LIBOR.²⁵ Deutsche Bank’s

²³ United States Department of Justice, Criminal Division, Fraud Section Non-Prosecution Appendix A Statement of Facts with Deutsche Bank Group Services UK Limited at 8 (“DB Group DOJ Statement of Facts”).

²⁴ Deutsche Bank DOJ Statement of Facts at 8.

²⁵ See Deutsche Bank NYSDFS Consent Order at 6.

submitters, traders, desk managers, and at least one of its senior managers engaged in systemic and pervasive manipulation through its New York office.²⁶

53. Defendant DB Group Services (UK) Limited (“DB Group Services”) is a wholly-owned subsidiary of Defendant Deutsche Bank. DB Group Services is incorporated and operates its principal place of business in the United Kingdom. DB Group Services settled with the DOJ, admitting that it employed many of Deutsche Bank’s London-based pool and MMD traders that were responsible for manipulating the LIBOR benchmarks, including Swiss franc LIBOR.²⁷ DB Group Services also plead guilty to felony wire fraud in the District of Connecticut for its involvement in Deutsche Bank’s LIBOR manipulation scheme.²⁸

D. The JPMorgan Defendant

54. Defendant JPMorgan Chase & Co. (“JPMorgan”) is a Delaware financial holding company with its headquarters in this District at 270 Park Avenue, New York, New York. JPMorgan provides businesses, institutions, and individuals with investment banking, treasury and securities, asset management, private banking, and commercial banking services. Its U.S.-based dealers trade in the over-the-counter foreign exchange and derivatives markets, which includes interest rate swaps, forward rate agreements, foreign exchange swaps, and currency swaps.²⁹ JPMorgan is registered with the Board of Governors of the Federal Reserve System. During the Class Period, JPMorgan was a BBA Swiss franc LIBOR contributor panel bank.

²⁶ Deutsche Bank CFTC Order at 2-3.

²⁷ DB Group DOJ Statement of Facts at 8.

²⁸ See *United States v. DB Group Services UK Ltd.*, Plea Agreement, No. 15-cr-62, ECF No. 4.

²⁹ See Federal Reserve Bank of New York 2007 Survey, *April 2007*, at 12, 16-17 (JPMorgan participated in the survey as both a foreign exchange dealer and an interest rate derivatives dealer, requiring transactions to be reported “on the basis of the location of the dealer agreeing to conduct the transaction.”).

55. In addition to participating in a cartel to fix the bid-ask spread on Swiss franc LIBOR-based derivatives with Defendants UBS, RBS, and Credit Suisse,³⁰ JPMorgan also operated a cartel with at least Defendant RBS to fix the prices on Swiss franc LIBOR-based derivatives by manipulating Swiss franc LIBOR during the Class Period.³¹ The cartel operated from at least March 2008 through at least July 2009 to “distort the normal course of pricing of interest rate derivatives denominated in Swiss franc” by manipulating Swiss franc LIBOR.³² The EC found that RBS and JPMorgan discussed their future Swiss franc LIBOR submissions, exchanged information regarding their Swiss franc LIBOR-based derivative trading positions, as well as the “intended prices” at which they would fix these derivatives.³³ JPMorgan was fined more than \$130 million for its role in this anticompetitive combination but paid only \$78.2 million, after receiving a 40% discount from the EC for participating in its leniency program.³⁴

E. The RBS Defendant

56. Defendant The Royal Bank of Scotland plc (“RBS”) is a British banking and financial services company headquartered in the United Kingdom. RBS has an office located at 340 Madison Avenue, New York, NY 10173. RBS’ New York branch is licensed, supervised, and regulated by the NYSDFS to do business in this state. RBS also has a branch located at 600 Washington Boulevard, Stamford, CT 06901. The Connecticut branch is a registered foreign bank with the Connecticut Department of Banking (“DOB”). RBS is also licensed and supervised by the Board of Governors of the Federal Reserve System. RBS is a Clearing Firm

³⁰ See EC Bid-Ask Spread Cartel Settlement, *supra* note 2.

³¹ See *Antitrust: Commission Settles RBS-JPMorgan Cartel In Derivatives Based on Swiss franc LIBOR; Imposes €61.6 million fine on JPMorgan*, EUROPEAN COMMISSION (Oct. 21, 2014) http://europa.eu/rapid/press-release_IP-14-1189_en.htm (hereinafter “EC RBS-JPMorgan Cartel Settlement”).

³² *Id.*

³³ *Id.*

³⁴ *Id.*

on several of the CME Group's Exchanges, including the CME, NYMEX, CBOT, and COMEX, as well as a registered swap dealer with the CFTC. As of June 30, 2010, RBS was ranked among the fourteen largest broker/dealers of interest-rate derivatives. During the Class Period, RBS was a BBA Swiss franc LIBOR contributor panel bank.

57. According to the FSA, RBS' Swiss franc LIBOR-related misconduct was "widespread" and involved at least twenty-one derivatives traders and LIBOR submitters located in London, Tokyo, and the United States.³⁵ RBS' derivatives traders communicated in Bloomberg chat rooms where "they compared their respective trading positions (which were often the same) and discussed strategies for trading products that fixed off of Swiss franc LIBOR and for influencing Swiss franc LIBOR rates to benefit their positions."³⁶

58. RBS' U.S.-based dealers trade in the over-the-counter foreign exchange and interest rate derivatives markets, which includes interest rate swaps, forward rate agreements, foreign exchange swaps, and currency swaps.³⁷ RBS transacted in Swiss franc LIBOR-based derivatives with U.S.-based counterparties during the Class Period. As part of its Deferred Prosecution agreement with the DOJ, RBS admitted that "RBS entered into interest rate derivatives transaction tied to . . . Swiss franc LIBOR . . . with various counterparties, some of which were located in the United States. U.S. counterparties included banks and other financial institutions in the United States or located abroad with branches in the United States. Those counterparties also included, among others, asset management corporations, business

³⁵ See Financial Services Authority Final Notice against The Royal Bank of Scotland plc, FSA Ref. No. 121882 (Feb. 6, 2013) at 11 ¶48 (hereinafter "RBS FSA Final Notice").

³⁶ *Id.* at 17.

³⁷ See Federal Reserve Bank of New York 2007 Survey at 12, 16-17 (RBS participated in the survey by submitting data on its U.S.-based transactions in Swiss franc LIBOR-based derivatives).

corporations, insurance companies, universities, and non-profit organizations.”³⁸

59. RBS has also admitted that beginning in approximately 2007 and continuing until at least 2009, RBS’ Swiss franc LIBOR submitters frequently received and accommodated requests from RBS’ Swiss franc derivatives traders to alter RBS’ Swiss franc LIBOR submissions to financially benefit their Swiss franc LIBOR-based derivatives positions.

60. On October 21, 2014, RBS entered into two settlements with the EC related to the manipulation of Swiss franc LIBOR and the prices of Swiss franc LIBOR-based derivatives. First, RBS admitted that from March 2008 through July 2009, RBS and JPMorgan participated in an illegal cartel to manipulate Swiss franc LIBOR and fix the prices of Swiss franc LIBOR-based derivatives.³⁹ Under the EC’s leniency program, RBS avoided a €10 million fine, approximately \$140 million, by revealing this anticompetitive organization and settling at an early stage.⁴⁰ In its second settlement, RBS admitted to participating in a cartel with UBS, JPMorgan, and Credit Suisse to fix the bid-ask spread on Swiss franc LIBOR-based derivatives.⁴¹ RBS received 100% leniency in this settlement as well, avoiding a fine by turning in some of its co-conspirators and agreeing to settle with the EC.⁴²

F. The UBS Defendant

61. Defendant UBS AG (“UBS”) is a Swiss banking and financial services company headquartered in Zurich and Basel, Switzerland. UBS provides investment banking, asset management, and wealth management services for private, corporate, and institutional clients

³⁸ See United States Department of Justice, Criminal Division, Fraud Section, and Antitrust Division Deferred Prosecution Agreement and Attachment A Statement of Facts with The Royal Bank of Scotland plc, (Feb. 6, 2013) at 38 ¶79 (hereinafter “RBS DOJ Statement of Facts”).

³⁹ See EC RBS-JPMorgan Cartel Settlement, *supra* note 31.

⁴⁰ *Id.*

⁴¹ See EC Bid-Ask Spread Cartel Settlement, *supra* note 2.

⁴² *Id.*

worldwide. UBS maintains branches in several U.S. states, including Connecticut, Illinois, Florida, and New York, with its U.S. headquarters in New York and Stamford, Connecticut. UBS is registered with the Office of the Comptroller of the Currency (“OCC”), the DOB, and the CFTC as a swap dealer. UBS is also licensed and supervised by the Board of Governors of the Federal Reserve System. Its U.S.-based dealers trade in the over-the-counter foreign exchange market.⁴³

62. Defendant UBS filed a Resolution Plan with the Federal Reserve in 2014 in which it acknowledged that it is a global institution with the majority of its operations located in Switzerland, the United Kingdom and the United States. UBS’s shares are registered as Global Registered Shares on the NYSE.

63. During the Class Period, UBS’ Rates Division and Short Term Interest Rate (“STIR”) desk transacted in interest rate derivatives, such as interest rate swaps whose value depended on LIBOR, including Swiss franc LIBOR.⁴⁴ The STIR desk also managed UBS’ interest rate risk and short-term cash position by engaging in interest rate derivative transactions and transactions in the money markets for each currency, including the Swiss franc, through traders located in Stamford, Connecticut.⁴⁵

64. UBS has admitted to manipulating Swiss franc LIBOR as early as 2001, “rounding” its submissions up or down in a direction that benefited its Swiss franc LIBOR-based derivatives positions on every day.⁴⁶ Additionally, from at least January 2005 through at

⁴³ See Federal Reserve Bank of New York 2007 Survey at 12, 16-17 (indicating UBS participated in the survey based on its U.S.-based transactions).

⁴⁴ UBS CFTC Order at 8-9.

⁴⁵ *Id.* at 9.

⁴⁶ United States Department of Justice, Criminal Division, Fraud Section Non-Prosecution Agreement and Appendix A Statement of Facts with UBS AG (Dec. 18, 2012) at 30 (hereinafter “UBS DOJ Statement of Facts”).

least September 2009, UBS' Swiss franc LIBOR trader-submitters who were responsible for making UBS' Swiss franc submissions, as well as making UBS profits on Swiss franc LIBOR-based derivatives positions, regularly adjusted UBS' Swiss franc LIBOR submissions to benefit UBS' trading positions. UBS' Swiss franc LIBOR trader-submitters also accommodated UBS' Swiss franc LIBOR-based derivatives traders' requests, adjusting UBS' submissions to financially benefit their Swiss franc LIBOR-based derivative positions. As a result of this manipulative conduct, UBS recently pled guilty to charges of wire fraud in the District of Connecticut.⁴⁷

65. During the Class Period, UBS directly transacted Swiss franc LIBOR-based derivatives with U.S. counterparties, including the FrontPoint Plaintiffs, which are located in Greenwich, Connecticut.

G. John Doe Defendants

66. John Doe Defendants Nos. 1-50 are other entities or persons, including banks, interdealer brokers, cash brokers, and other co-conspirators whose identities are currently unknown to Plaintiffs. The John Doe Defendants participated in, furthered, and/or combined, conspired or agreed with others to perform the unlawful acts alleged herein, including the restraint of trade, fixing, and manipulation of Swiss franc LIBOR and the prices of Swiss franc LIBOR-based derivatives.

H. U.S. Market Activity

67. Each Defendant engaged in foreign exchange and interest rate derivatives transactions from within the United States throughout the Class Period. Every three years, the Federal Reserve Bank of New York conducts a survey of the over-the-counter interest rate

⁴⁷ See *United States v. UBS AG*, Plea Agreement, No. 15-cv-76.

derivatives and foreign exchange market.⁴⁸ This survey measures the “turnover,” or volume of transactions, in foreign exchange and interest rate derivatives within the United States. The Federal Reserve Bank of New York survey only includes data from dealers located within the United States and transactions that are located within the United States. Dealers located outside of the United States report their figures to the central bank where they are located. Defendants Credit Suisse, Deutsche Bank, JPMorgan, RBS and UBS, each participated in the Federal Reserve Bank of New York’s survey of foreign exchange and interest rate derivatives dealers throughout the Class Period, indicating that they entered into foreign exchange and interest rate derivatives transactions from within the United States.

68. To conduct business within the United States, each branch of a foreign banking organization must be licensed by the state banking authority of the state it is located in or by the OCC.⁴⁹ Because Defendants Credit Suisse, RBS, and UBS are registered as foreign branches with the OCC, DOB, and NYSDFS, their New York and Connecticut branches are considered legal and operational extensions of their parent organizations, and as such, may conduct a full range of U.S.-based banking activities, including trading, investment, and foreign exchange activities.⁵⁰ Thus, as a result of Credit Suisse Group AG’s, The Royal Bank of Scotland plc’s, and UBS AG’s registration with these government regulators, each of these parent organizations operate from within this forum.

⁴⁸ For the latest survey, *See The Foreign Exchange and Interest Rate Derivatives Markets: Turnover in the United States, April 2013*, Federal Reserve Bank of New York (Sept. 5, 2013), <http://www.newyorkfed.org/markets/pdf/2013triennialreport.pdf> (hereinafter “Federal Reserve Bank of New York 2013 Survey”)

⁴⁹ *See Examination Manual for U.S. Branches and Agencies of Foreign Banking Organizations*, Federal Reserve, at 1, available at http://www.federalreserve.gov/boarddocs/supmanual/us_branches/usbranch.pdf.

⁵⁰ *See Who We Supervise*, New York State Department of Financial Services, available at <http://www.dfs.ny.gov/about/whowesupervise.htm#foreignbranch>; *see also Annual Report of the Banking Commissioner for the year ending December 31, 2008*, STATE OF CONN. DEPARTMENT OF BANKING, at 19, available at http://www.ct.gov/dob/lib/dob/2008_banking_annual_report.pdf; *see generally* Conn. Gen. Stat. § 36a-425 *et al* and N.Y. Bnk. Law § 200 *et al*.

FACTUAL ALLEGATIONS

I. Swiss Franc LIBOR

69. Swiss franc LIBOR is a benchmark interest rate “based on offered inter-bank deposit rates.”⁵¹ Swiss franc LIBOR is intended to reflect the cost of borrowing Swiss francs in the inter-bank money market based on the amount of interest that banks offer to pay each other in exchange for making short term deposits of Swiss francs.⁵²

70. Swiss franc LIBOR is calculated using interest rate quotes that a select group of twelve panel banks submit. All five Contributor Bank Defendants were Swiss franc LIBOR panel members throughout the Class Period; collectively, they controlled 42% of the submissions used to calculate Swiss franc LIBOR.

71. According to BBA guidelines, each trading day the twelve contributor panel banks submit the rate of interest at which they could borrow Swiss francs, *i.e.*, how much interest they would have to pay, by asking for and then accepting competitive offers for deposits from other banks in a reasonable market size just prior to 11:00 A.M. London time. Thomson Reuters compiles and organizes these quotes, acting as an agent for the BBA in administering LIBOR.

72. Each panel bank submits interest rate quotes for 15 different “tenors,” reflecting the duration or “maturity” of the deposit, from overnight to twelve months. The different tenors exhibit a predictable relationship to each other, following what is known as a “yield curve,”

⁵¹ See *e.g.*, *The BBA LIBOR Fixing and Definition*, BBA (archived version from Sept. 30, 2008) <https://web.archive.org/web/20080930203457/http://www.bba.org.uk/bba/jsp/polopoly.jsp?d=225&a=1413&artpage=all>.

⁵² Deposit rates represent the cost of borrowing funds in the inter-bank market because one way banks borrow money is by issuing certificates of deposit (“CDs”). A CD functions as a short term loan to the bank. Money is deposited for a certain period of time and is returned to the depositor with interest at maturity. See Timothy Q. Cook and Robert K. Laroche, *Instruments of the Money Market*, FEDERAL RESERVE BANK OF RICHMOND, 2 (available at https://www.richmondfed.org/publications/research/special_reports/instruments_of_the_money_market/).

where deposits with a longer duration (*e.g.*, twelve months) pay more interest than those maturing in the near term (*e.g.*, overnight or one-month).

73. Thomson Reuters calculates Swiss franc LIBOR on behalf of the BBA by ranking the contributor banks' submissions for each tenor in numerical order and then averaging the middle 50%, usually six of the twelve submissions, discarding the rest. This average rate becomes the official Swiss franc LIBOR "fix" for each tenor and is distributed to the market electronically, along with each bank's submissions, by Thomson Reuters, Bloomberg, and other financial services platforms into and throughout the United States using U.S. wires.

74. To ensure that Swiss franc LIBOR reflects the rate of interest paid on inter-bank deposits, BBA guidelines forbid contributor panel banks from considering any factors unrelated to the cost of borrowing Swiss francs, including the value of their Swiss franc LIBOR-based derivatives positions or those of other banks, when determining their Swiss franc LIBOR submissions. However, as alleged below, throughout the Class Period the Contributor Bank Defendants ignored BBA guidelines, routinely making false Swiss franc LIBOR submissions that did not reflect their cost of borrowing Swiss francs, in order to financially benefit their Swiss franc LIBOR-based derivatives positions and those of their co-conspirators.

II. Swiss Franc LIBOR-Based Derivatives

A. The Market

75. The Swiss franc LIBOR-based derivatives market is one of the largest derivatives markets in the world and includes over-the-counter instruments, such as interest rate swaps, forward rate agreements, foreign exchange forwards, cross-currency swaps, overnight index swaps, and tenor basis swaps,⁵³ as well as exchange-traded futures and options, such as the three-

⁵³ See RBS CFTC Order at 6 (listing over-the-counter instruments priced based on Swiss franc LIBOR).

month Euro Swiss franc futures contract⁵⁴ traded on the NYSE LIFFE Exchange and the Swiss franc currency futures contract⁵⁵ traded on the CME.

1. Exchange-Traded Swiss franc LIBOR-Based Derivatives

76. Most exchange-traded Swiss franc LIBOR-based derivatives are futures contracts, standardized bilateral agreements that call for the purchase or sale of an underlying commodity on a certain future date. For example, a June 2015 CME Swiss franc currency futures contract is an agreement for the purchase or sale of CHF 125,000 in exchange for U.S. Dollars on the third Wednesday of June 2015.⁵⁶ This futures contract is “standardized” and trades in accordance with the rules specified by the CME, a Designated Contract Market pursuant to Section 5 of the CEA (7 U.S.C. § 7). It is also “bilateral” and represents an agreement between two parties, a buyer and a seller of Swiss francs, respectively known as a “long” and a “short.”

77. Each futures contract trades for a certain amount of time and “expires” at some point prior to when the agreed upon purchase or sale will take place. At expiration, the long and short positions’ obligations become binding. The longs, as buyers of the contract, are obligated to “take delivery” and pay for CHF 125,000, while the shorts, as sellers of the contract, must “make delivery” and provide CHF 125,000 for sale.

78. This process of exchanging dollars for Swiss francs is called “settlement.” All futures contracts are settled on a certain date following their expiration. CME Swiss franc currency futures contracts are always settled on one of four quarterly International Monetary Market, or “IMM” dates, which fall on the third Wednesday of March, June, September, and

⁵⁴ *Three Month Euro Swiss franc (EUROSWISS) Futures*, ICE, <https://globalderivatives.nyx.com/contract/content/29093/contract-specification>.

⁵⁵ *Swiss franc Futures Contract Specs*, CME GROUP, http://www.cmegroup.com/trading/fx/g10/swiss-franc_contract_specifications.html.

⁵⁶ “CHF” is the ISO 4217 code for Swiss franc. See http://www.iso.org/iso/home/standards/currency_codes.htm.

December of each year. Every CME Swiss franc futures contract specifies the month and year of expiration, *e.g.*, June 2015, so that investors know on which IMM date their obligation to take or make delivery of Swiss francs will become due.

79. On the settlement date, market participants who cannot (or do not) want to make (or take) delivery of the commodity underlying their futures contract, are given the option to “financially settle” their position by purchasing or selling an offsetting futures contract. Under this method of settlement, an investor with a long position of one CME Swiss franc currency futures contract, *e.g.*, an obligation to buy CHF 125,000, can financially settle that obligation by selling one CME Swiss franc currency futures contract, creating an offsetting obligation to deliver CHF 125,000. In financial settlement, the difference between the initial contract price and the price at which the offsetting futures contract is purchased or sold represents the profit or loss on that transaction.

2. Over-The-Counter Swiss franc LIBOR-Based Derivatives

80. Other Swiss franc LIBOR-based derivatives are traded “over-the-counter” (“OTC”) in transactions between private parties that do not take place on a public exchange. More than \$586 billion in Swiss franc LIBOR-based derivatives traded over-the-counter within the United States during the month of April 2007 alone.⁵⁷ In total, trillions of dollars in Swiss franc LIBOR-based derivatives were traded over-the-counter within the United States during the Class Period.⁵⁸

81. Large institutional investors frequently use OTC derivatives because they provide similar functionality to the standardized exchange-traded contracts but with greater flexibility,

⁵⁷ *See*, Federal Reserve Bank of New York 2007 Survey, at Annex II.

⁵⁸ *See id* at 10 (explaining that 75% of reporting dealers considered the April 2007 turnover numbers to represent normal activity during the year).

allowing the parties to customize certain terms such as duration of their agreement, the “notional amount,” *i.e.*, total value, of the contract, and the settlement date. For example, instead of trading CME Swiss franc currency futures contracts, which exchange a fixed amount of Swiss francs on one of the CME’s pre-determined settlement dates, an investor could enter into a Swiss franc foreign exchange forward agreement, the OTC equivalent to a currency futures contract, agreeing to buy or sell a custom amount of Swiss francs at a specified price on a certain date.

82. While the parties to a forward contract agree to settle their obligation to each other and exchange payment on a single future settlement date, certain over-the-counter Swiss franc LIBOR-based derivatives adjust their value at specific times over the life of the agreement. These “reset” dates, also known as “fixings,” occur throughout the year on a pre-determined schedule agreed to by the parties. For example, an interest rate swap is an over-the-counter Swiss franc LIBOR-based derivative in which one party agrees to pay the other a fixed rate of interest (*e.g.*, 5%) on some underlying notional amount (*e.g.*, CHF 1,000,000) in exchange for receiving payments based on a “floating” or “variable” interest rate, *i.e.*, a specific tenor Swiss franc LIBOR. Every fixing date, *e.g.*, once every three months, the fixed interest rate owed by one party is compared to the specific tenor of Swiss franc LIBOR referenced in the contract. If that tenor of Swiss franc LIBOR is greater than the fixed rate of interest (*e.g.*, 5.5%), then the party who is obligated to make floating interest rate payments must pay the other party interest equal to the difference between the two interest rates (*e.g.*, 0.5%); if the fixed rate of interest is higher, then the party obligated to make fixed interest rate payments will pay the other party the difference in the two rates instead. As a result, the value of an interest rate swap changes each fixing depending on which party is obligated to make a payment.

83. Different types of over-the-counter Swiss franc LIBOR-based derivatives are

fixed on different days in accordance with the terms agreed upon by the parties. However, just like exchange-traded Swiss franc LIBOR-based derivatives, regardless of the reset date, these contracts are always priced, benchmarked, and/or settled based on Swiss franc LIBOR.

84. The ability to value these financial instruments by reference to a benchmark interest rate allows a wide variety of market participants, including industrial companies, government entities, hedge funds, and pension funds, to use Swiss franc LIBOR-based derivatives to manage interest rate risk as well as to generate a profit from trading activity. For example, a company that does business overseas and generates revenue in Swiss francs might engage in a Swiss franc foreign exchange forward agreement, selling the Swiss francs they know they will receive in the future today at a guaranteed price, or initiate a short position in CME Swiss franc currency futures contracts to protect themselves from a change in Swiss franc LIBOR that decreases the value of Swiss francs. At the same time, a hedge fund might buy Swiss francs for delivery six months in the future hoping to profit from an expected move in Swiss franc LIBOR that increases the value of that currency.

85. In either case, an accurate Swiss franc LIBOR based on honest submissions from contributor panel banks is essential to the normal functioning of the Swiss franc LIBOR-based derivatives market, because when Swiss franc LIBOR is not set in accordance with BBA guidelines, the Swiss franc LIBOR-based derivatives that Class members purchased and sold do not behave as expected and do not serve their intended purpose.

B. Pricing Swiss Franc-LIBOR Based Derivatives

86. All Swiss franc LIBOR-based derivatives are priced, benchmarked, and/or settled using a mathematical formula that incorporates Swiss franc LIBOR as one of its terms. For example, the LIFFE three-month Euro Swiss franc futures contract, which trades on the NYSE

LIFFE Exchange, represents the rate of interest paid on a three-month deposit of CHF 1,000,000. The price and settlement values of this futures contract are equal to 100 minus three-month Swiss franc LIBOR.⁵⁹ Because of this formulaic pricing relationship, if Swiss franc LIBOR is artificial and does not reflect the rate of interest being paid on three-month inter-bank deposits of Swiss francs, the price of this futures contract will also be artificial.

87. The same is true for other Swiss franc LIBOR-based derivatives that are priced, benchmarked, and/or settled based on Swiss franc LIBOR. For example, both CME Swiss franc currency futures contracts and OTC Swiss franc foreign exchange forwards, are agreements to buy or sell a certain amount of Swiss francs in terms of another currency, *e.g.*, U.S. Dollars, on some future date. The cost of buying or selling Swiss francs in the future is determined using an industry standard formula that incorporates Swiss franc LIBOR.⁶⁰

$$\text{Future Price} = \text{Spot Price} \times \left(\frac{1 + [\text{Rterm} \times (\text{d} / 360)]}{1 + [\text{Rbase} \times (\text{d} / 360)]} \right)$$

FIGURE 1

88. This formula, displayed in Figure 1, applies to both CME Swiss franc futures contracts and OTC Swiss franc foreign exchange forwards, and involves taking the “spot price” of Swiss francs for immediate delivery, and adjusting it to account for the “cost of carry,” *i.e.*, the amount of interest paid or received on Swiss franc deposits, for the duration of the

⁵⁹ Three Month Euro Swiss franc (Euroswiss) Futures, THE INTERCONTINENTAL EXCHANGE, available at <https://www.theice.com/products/37650324/Three-Month-Euro-Swiss-Franc-Euroswiss-Futures>.

⁶⁰ See *e.g.*, John W. Labuszewski, Sandra Ro & David Gibbs, *Understanding FX Futures*, CME Group, at 3, 8, <http://www.cmegroup.com/education/files/understanding-fx-futures.pdf> (hereinafter “Understanding FX Futures”) (applying pricing formula to both currency futures contracts and forwards).

agreement.⁶¹ Swiss franc LIBOR, the benchmark rate of interest for Swiss franc deposits, is incorporated into the formula as either “Rbase” or “Rterm” depending on whether Swiss francs are being purchased or sold in the transaction.⁶² Thus Swiss franc LIBOR is used to calculate the cost of carrying Swiss francs over the duration of the foreign exchange forward or futures contract, indicated by the variable “d.” For this reason, the CFTC classifies Swiss franc foreign exchange forwards as LIBOR-based derivatives.⁶³ As a result, if Swiss franc LIBOR is artificial so is the cost of buying or selling Swiss francs in the future and the prices of both CME Swiss franc currency futures contracts and OTC Swiss franc foreign exchange forwards.

89. Given the mathematical pricing relationships demonstrated above and high notional value of Swiss franc LIBOR-based derivatives, small changes in Swiss franc LIBOR can have a significant positive impact on the Defendants’ Swiss franc LIBOR-based derivatives positions and a corresponding negative impact on those Plaintiffs and the Class held.⁶⁴

III. Defendants Agreed to and Did Restrain Trade In, and Intentionally Manipulated the Prices of, Swiss Franc LIBOR-Based Derivatives

90. To date, the Contributor Bank Defendants have entered into settlement/plea agreements with multiple global regulatory agencies, including the DOJ, CFTC, NYSDFS, FSA, and EC, collectively paying more than \$7 billion in fines related to their intentional manipulation of LIBOR, including Swiss franc LIBOR and the prices of Swiss franc LIBOR-based

⁶¹ *Id.*

⁶² Foreign exchange forwards and currency futures transactions involve a currency pair, *e.g.*, CHF/USD. In each pair, the first currency listed is referred to as the “Base Currency” while the other, is referred to as the “Term Currency.” As prices are typically quoted “in terms of” units of the Term Currency, *e.g.*, for CHF/USD the number of dollars per one Swiss franc, the currency listed first will depend on which currency is being purchased/sold by the buyer/seller. The variables Rterm and Rbase in Figure 1 refer to the rate of interest paid on deposits of the Term Currency and Base Currency, respectively, and will change depending on the order of the currency pair. *See id.* at 3 n.2-3 (explaining Base and Term Currency use in pricing formula).

⁶³ *See* RBS CFTC Order 6 (stating that RBS’ “Swiss franc derivatives traders traded various derivatives instruments that were priced based on . . . Swiss franc LIBOR. These product included . . . foreign exchange ‘FX’ forward”).

⁶⁴ *See* RBS DOJ Statement of Facts at 38 ¶78.

derivatives. Each of these settlement agreements provides examples of Defendants' manipulative conduct during the Class Period. While by no means an exhaustive list, these examples are instructive and demonstrate how Defendants coordinated their manipulation of Swiss franc LIBOR-based derivatives prices by (1) fixing the bid-ask spread on Swiss franc LIBOR-based derivatives; and (2) manipulating Swiss franc LIBOR. This activity caused legal injury to Plaintiffs and Class members who transacted at artificial prices during the Class Period that were directly and proximately caused by Defendants' manipulative conduct.

A. Bid-Ask Spread Conspiracy: Defendants Agreed to and Did Fix the Bid-Ask Spread on OTC Swiss Franc LIBOR-Based Derivatives, Overcharging Class Members for Purchases and Underpaying Class Members for Sales of Such Derivatives.

91. At its core, Defendants operated a price-fixing conspiracy designed to generate illicit profits on both the initial purchase or sale of Swiss franc LIBOR-based derivatives and later when those same derivatives were priced, benchmarked, and/or settled based on Swiss franc LIBOR at various times throughout the Class Period.

92. Implementing the first leg of this scheme, Defendants RBS, UBS, JPMorgan and Credit Suisse (collectively the "EC Cartel Defendants"), some of the largest market makers in the foreign exchange and interest rate derivatives markets, operated a cartel to fix the bid-ask spread on Swiss franc LIBOR-based derivatives between at least May and September 2007.⁶⁵

93. In a scheme akin to the NASDAQ equities market makers' "bid-ask" cartel, the subject of proceedings in this District in *In re NASDAQ Market-Markers Antitrust Litigation*,⁶⁶ cartel members agreed to quote wider, fixed bid-ask spreads to all non-members for over-the-counter Swiss franc LIBOR-based derivatives, while agreeing to maintain a narrower bid-ask spread for trades amongst themselves, reducing transaction costs and increasing liquidity among

⁶⁵ See EC Bid-Ask Spread Cartel Settlement, *supra* note 2.

⁶⁶ MDL No. 1023 (S.D.N.Y.).

the cartel, giving each participant more “ammo” to use in furtherance of their manipulative scheme.⁶⁷

94. As market makers who both buy and sell Swiss franc LIBOR-based derivatives, Defendants profit from a wider bid-ask spread, because it allows them to buy derivatives from Class members at an artificially lower bid price and then resell them to other Class members at an artificially higher ask price. Thus Defendants profit on both sides of *every* transaction, saving money when they purchase derivatives for less than they should have, and making money when they resell them for an inflated price.

95. While the difference between the bid and ask price in each transaction may be small, *e.g.*, a few cents or even basis points, because the bid-ask spread applies to *every* transaction, even a small increase in the spread can generate substantial profits given the volume of transactions in the Swiss franc LIBOR-based derivatives market. For example, more than \$586 billion in Swiss franc LIBOR-based derivatives traded within the United States during April 2007 alone. Assuming volume remained the same over the next five months,⁶⁸ at least \$2.8 *trillion* in Swiss franc LIBOR-based derivatives traded within the United States between May and September 2007, the time period for which the EC Cartel Defendants have admitted to fixing the bid-ask spread on Swiss franc LIBOR-based derivatives. With a market that large, an increase in the bid-ask spread of just 1 basis point, *i.e.*, one one-hundredth of one percent, would generate millions of dollars in profit for Defendants.

96. Defendants’ manipulative conduct directly harmed competition in the Swiss franc LIBOR-based derivatives market. The EC found Defendants formed their cartel “to prevent

⁶⁷ EC Bid-Ask Spread Cartel Settlement, *supra* note 2.

⁶⁸ For the 2007 survey, 75% of reporting dealers reported that the turnover observed during April 2007 represented normal market activity for the rest of the year. *See* Federal Reserve Bank of New York 2007 Survey at 10.

other market players from competing on the same terms.”⁶⁹ An anti-competitive combination among four of the largest and most sophisticated participants in the Swiss franc LIBOR-based derivatives market, Defendants cartel effectively reduced competition, generating illicit profits for themselves at the expense of Class members forced to transact at artificial prices.

B. Swiss franc LIBOR Manipulation Conspiracy: Defendants Agreed to and Did Manipulate Swiss Franc LIBOR to Artificial Levels for Their Financial Gain, and to the Detriment of Plaintiffs and Other Market Participants.

97. Defendants operated their bid-ask spread cartel concurrent with a scheme to manipulate Swiss franc LIBOR. These two types of manipulative conduct were complementary. While fixing the bid-ask spread generated increased profits by imposing supracompetitive prices on the Swiss franc LIBOR-based derivatives market, manipulating Swiss franc LIBOR allowed Defendants to control the prices of Swiss franc LIBOR-based derivatives over the lifetime of each financial instrument, generating additional revenue by increasing the value of their Swiss franc LIBOR-based derivatives portfolio. This was especially true on “fixings,” *i.e.*, days when Swiss franc LIBOR-based derivatives that Defendants held were priced, benchmarked, and/or settled, based on Swiss franc LIBOR.⁷⁰

98. To facilitate their scheme, Defendants paired conduct intended to directly manipulate Swiss franc LIBOR, for example, making false Swiss franc LIBOR submissions to the BBA, with supportive conduct intended to enhance the impact of their manipulative efforts, including (a) reorganizing their trading desks to facilitate collusion; (b) intentionally implementing lax compliance standards that would fail to detect any foul play; (c) using their

⁶⁹ See EC Bid-Ask Spread Cartel Settlement.

⁷⁰ See *e.g.*, UBS DOJ Statement of Facts at 31 ¶¶ 75-76 (requesting higher one-month Swiss franc LIBOR submission to manipulate large fixing).

influence over the BBA rule making process to modify the LIBOR submissions process to their advantage; and (d) making false and misleading statements to government regulators.

1. Requests for False Swiss franc LIBOR Submissions

99. The Contributor Bank Defendants made false Swiss franc LIBOR submissions in response to requests from their own Swiss franc LIBOR-based derivatives traders, including traders in the United States, as well as those made by co-conspirator banks, hedge funds, and inter-dealer brokers, some of which are based in the United States. The goal was always the same: to manipulate the Swiss franc LIBOR fixing for one or more tenors, thereby manipulating and fixing the prices of Swiss franc LIBOR-based derivatives at artificial levels that financially benefited the Defendants Swiss franc LIBOR-based derivatives positions. A chronological list of known manipulative communications is attached to this Complaint as Appendix A.

100. Requests for false Swiss franc LIBOR submissions were at times focused on “fixings,” days where one or more of the Defendants had a Swiss franc LIBOR-based derivatives position that was going to be priced, benchmarked and/or settled based on Swiss franc LIBOR. By manipulating Swiss franc LIBOR on these fixing days, Defendants specifically intended to manipulate the value of Swiss franc LIBOR-based derivatives for their financial benefit.

101. Defendants also requested false Swiss franc LIBOR submissions to inject a certain “bias” into the Swiss franc LIBOR fixing, permanently manipulating specific tenors higher or lower by making false submissions over long periods of time. These requests were at times issued by senior management in the form of standing orders to make false submissions in a particular direction, or a company policy regarding how the bank should determine its Swiss franc LIBOR submissions to guarantee that the daily fixing was skewed in a direction that benefited the bank’s Swiss franc LIBOR-based derivative positions and those of co-conspirators.

a. Daily Requests for False Submissions

102. Requests for false Swiss franc LIBOR submissions occurred continuously during Class Period, for example, as often as several times each week at Defendant RBS.⁷¹ The practice was so common that Swiss franc LIBOR-based derivatives traders and Swiss franc LIBOR submitters joked about requests for false submissions. For example, in the conversation below RBS' primary Swiss franc LIBOR submitter pretends that he will not comply with a trader's request for a false submission, only to be persuaded by a bribe of day-old sushi rolls:

December 4, 2008:

Swiss Franc Trader: can u put 6m swiss libor in low pls?

Primary Submitter: NO

Swiss Franc Trader: should have pushed the door harder

Primary Submitter: Whats it worth

Swiss Franc Trader: ive got some sushi rolls from yesterday?

Primary Submitter: ok low 6m, just for u

Swiss Franc Trader: woooooooooooooooo⁷²

103. This callous, manipulative conduct occurred at other Contributor Bank Defendants during the Class Period. In the conversation below, Defendant UBS' Swiss franc LIBOR-based derivatives trader requested a false one-month Swiss franc LIBOR submission from UBS' Swiss franc LIBOR submitter to manipulate and fix the prices of Swiss franc LIBOR-based derivatives at artificial levels for their financial benefit. For example:

July 5, 2006:

UBS Trader: looking for high 1 month fix

⁷¹ RBS CFTC Order at 26.

⁷² *Id.*

UBS Swiss Franc LIBOR Submitter: no problem, will fix 1 month high⁷³

104. This conversation is a typical example of how Defendants manipulated Swiss franc LIBOR during the Class Period. The CFTC found that UBS Trader made the request for a higher one-month Swiss franc LIBOR submission on July 5, 2006, because he was on the “receiving end” of a large fixing, *i.e.*, he was going to be paid by a counterparty based on where one-month Swiss franc LIBOR ended up that day.⁷⁴ The higher UBS could manipulate one-month Swiss franc LIBOR on July 5, 2006, the more money the UBS Trader would collect from his counterparty, financially befitting his Swiss franc LIBOR-based derivatives trading book.⁷⁵

105. On board with the scheme to manipulate Swiss franc LIBOR, the UBS Swiss Franc LIBOR Submitter followed through on UBS Trader’s request for a high 1 month Swiss franc LIBOR submission on July 5, 2006, by raising the bank’s 1 month Swiss franc LIBOR submission to 1.43%, 1 basis point higher than the previous day.

106. Deutsche Bank’s Swiss franc LIBOR-based derivatives traders also routinely made requests for false Swiss franc LIBOR submissions during the Class Period.⁷⁶ To coordinate these requests, Deutsche Bank used a spreadsheet containing the bank’s prior and intended future Swiss franc LIBOR submissions. Deutsche Bank’s Swiss franc LIBOR submitters circulated this spreadsheet to its Swiss franc LIBOR-based derivatives traders for approval each day before making their Swiss franc LIBOR submissions.⁷⁷

⁷³ UBS DOJ Statement of Facts at 31 ¶¶ 75-76.

⁷⁴ UBS CFTC Order at 38.

⁷⁵ *Id.*

⁷⁶ Deutsche Bank DOJ Statement of Facts, at 9; Deutsche Bank CFTC Order at 2.

⁷⁷ Deutsche Bank DOJ Statement of Facts at 60; Deutsche Bank CFTC Order at 33.

107. After reviewing the spreadsheet, Deutsche Bank's pool traders⁷⁸ and MMD traders, who both transacted in Swiss franc LIBOR-based derivatives, made adjustments to the proposed future submissions in order to manipulate Swiss franc LIBOR in a particular direction to financially benefit their Swiss franc LIBOR-based derivatives positions.⁷⁹

108. Deutsche Bank was so methodical in manipulating Swiss franc LIBOR that one submitter, "Submitter-9," programmed the spreadsheet to optimize the bank's submissions for maximum manipulative impact.⁸⁰ In an August 19, 2009 telephone call, Submitter-9 bragged to Deutsche Bank "Trader-11" that "**I now have libor contribution simulation in my spreadsheet,**"⁸¹ which could determine exactly how each Swiss franc LIBOR submission would impact the daily Swiss franc LIBOR fixing.⁸²

109. Defendants' false submissions did not even have to be included in the final average calculation to impact the Swiss franc LIBOR fix. At time, Deutsche Bank would intentionally making false submissions that fell in the highest or lowest 25% of contributor panel quotes to guarantee it was excluded from the average calculation. This tactic manipulated the Swiss franc LIBOR fixing by forcing another bank's quote into the middle 50%, driving the final average in the same direction as a Defendant's submissions, even though their quote was not used in determining the average. In the conversation below, a Deutsche Bank Swiss franc LIBOR-based derivatives trader and Deutsche Bank Swiss franc LIBOR submitter discuss how

⁷⁸ Deutsche Bank's pool traders engaged in cash trading, oversaw the bank's internal funding and liquidity, and traded financial instruments, such as swaps and forward rate agreements tied to LIBOR. Deutsche Bank's pool traders were primarily responsible for formulating and submitting the bank's LIBOR submissions.

⁷⁹ Deutsche Bank DOJ Statement of Facts, at 60.

⁸⁰ Deutsche Bank CFTC Order, at 33.

⁸¹ Deutsche Bank DOJ Statement of Facts, at 60.

⁸² Deutsche Bank CFTC Order, at 33.

they planned to manipulate the one-month Swiss franc LIBOR lower by submitting a quote low enough that will be excluded from the average calculation:

October 23, 2008:

Trader-11: where do you see 1m libor today?

Submitter-9: gd question lower again I will go again for 2.50 with a fix at 2.60-.62

Trader-11: can you put a very low 1 month please

Submitter-9: sure wnatever suites u but to be honest 2.50 wud mean we r off the calculation anyway so having no effect on the fix

Trader-11: fine if we are off the calculation **it is always better than we are in To get libor your way you always need to be off the calculation**

Submitter-9: to show direction i totally agree...but in case you have a refix I wud say its better to be in the calc on the low side

Trader-11: no we had a chat with [Trader 3] about that and we do not think so Maybe he is wrong !!! If you are un means you increase the libor no?⁸³

110. This coordination between Swiss franc LIBOR-based derivative traders and submitters was not only common at Deutsche Bank but encouraged. Deutsche Bank Senior Management instructed all LIBOR-based derivatives traders and submitters to communicate regularly so that LIBOR submitters would be aware of the false rates they needed to submit to financially benefit each of the bank's trading positions.⁸⁴ Deutsche Bank's GFFX desk even held weekly meetings to ensure that its Swiss franc LIBOR-based derivative traders and submitters were on the same page and manipulated the rate in a direction that helped the bank.⁸⁵

111. Requests for false Swiss franc LIBOR submissions became more frequent and pervasive at Deutsche Bank during 2008, when Trader-11 began trading Swiss franc LIBOR-

⁸³ See Deutsche Bank DOJ Statement of Facts at 64 (emphasis added).

⁸⁴ *Id.*

⁸⁵ Deutsche Bank DOJ Statement of Facts, at 61.

based derivatives products.⁸⁶ Trader-11 routinely worked with Submitter-9 to manipulate Deutsche Bank's Swiss franc LIBOR submissions to benefit his Swiss franc LIBOR derivatives positions.⁸⁷ In the conversation below, Trader-11 initiates contact with Submitter-9, who indicates that he is willing to make a false Swiss franc LIBOR submission:

July 25, 2008:

Trader-11: Hello I trade CHF derivatives in London what are you putting for libors today please?

Submitter-9: Hi mate welcome in one of the most interesting currency market heard out of the market that there is somebody at DB LDN now again trading CHF derivatives didnt check so far but probably going for 27 in the 1mth and 75 in the 3mths **In case you have anything special let me know rgds** [Submitter-9]⁸⁸

112. Later that same day Trader-11 and Submitter-9, who upon information and belief are "Derivatives Trader C" and "Swiss Franc LIBOR Submitter B" in the conversation below, communicate via telephone regarding a specific false Swiss franc LIBOR submissions in favor of Deutsche Bank's Swiss franc LIBOR-based derivatives positions:

July 25, 2008:

Derivative Trader C: can we have like 76 [2.76] today for three Swissy [CHF]?

Swiss Franc LIBOR Submitter B: Yeah, yeah sure

Derivative Trader C: just today we have two yards [2 billion] threes so even if you could put six and a half [2.765] that would be nice ...Today **for three month, like a high very high three month but then a low one month**, that's very good⁸⁹

⁸⁶ DB Group DOJ Statement of Facts, at 35.

⁸⁷ *Id.*

⁸⁸ *Id.* at 35-36 (alteration in original) (emphasis added).

⁸⁹ Deutsche Bank FCA Final Notice, at 13 (emphasis added).

113. Swiss Franc LIBOR Submitter B followed through on Derivative Trader C's requests. On July 25, 2008, Deutsche Bank increased its three month Swiss franc LIBOR submission to 2.765%, 1.5 basis points higher than previous day. Deutsche Bank also lowered its one month Swiss franc LIBOR submission to 2.27%, one basis point lower than the previous day.⁹⁰ This matches Derivative Trader C's request for a high three-month and low one-month Swiss franc LIBOR submission.

114. At Deutsche Bank, LIBOR manipulation was widespread, extending beyond just Trader-11 and Submitter-9 to include at least 29 managers, derivative traders, and submitters in London, Frankfurt, Tokyo, and New York.⁹¹ For example, in mid-2010, Deutsche Bank appointed Submitter 2 as its primary Swiss franc LIBOR submitter.⁹² In accordance with senior management's communication policy, Submitter 2 often reached out directly to traders to discuss Deutsche Bank's intended Swiss franc LIBOR submissions and determine whether the submission should be manipulated in favor of Deutsche Bank's derivatives positions.⁹³

115. This practice continued for more than a year after Deutsche Bank initiated its own internal "investigation" of LIBOR-related misconduct, as Submitter 2 regularly received and acted on requests from Deutsche Bank's MMD traders for false Swiss franc LIBOR submissions until at least early 2011. For example, in the conversation below, Submitter 2 agrees to accommodate Trader 2's request for a lower one-month, higher three-month, and lower six-month Swiss franc LIBOR submission, joking that this combination "would perfectly reflect

⁹⁰ *Id.*

⁹¹ *Id.* at 12.

⁹² Deutsche Bank CFTC Order at 34.

⁹³ *Id.*

market movements” (which was false) and using a smiley face “:-)” to signify the ridiculous nature of this statement:

September 9, 2010:

London MMD Swiss Franc Trader 2: Hi [Swiss franc Submitter 2], good day to you. just to let you know if you can help..well or at least dont kill on that one pls. **Got quite big fixings today:** I am for: Lower fix in 1m higher fix in 3m lower fix in 6m txs same tomorrow in 6s3s and reverse monday ...the beauty of stupid mismatches

Swiss Franc Submitter 2: only helps you if relative to each other, right? i actually think a higher 3m fixing relative to 1m and 6m would perfectly reflect market movements today, should be no problem :-)

London MMD Swiss Franc Trader 2: i like your thinking! tks⁹⁴

116. Despite violating BBA rules, which forbid contributor panel banks from basing their LIBOR submission on anything other than their cost of borrowing, Contributor Bank Defendants consistently manipulated Swiss franc LIBOR by making false Swiss franc LIBOR submissions that did not reflect the rate of interest offered on Swiss franc deposits. Defendants knew that making false Swiss franc LIBOR submissions would manipulate Swiss franc LIBOR and the prices of Swiss franc LIBOR-based derivatives and, as demonstrated above, expressly engaged in this manipulative conduct to take advantage of that direct pricing relationship, at times targeting days with large fixings to generate increased profits for the bank.

b. Long-Term False Reporting

117. Defendants also used their control over the Swiss franc LIBOR panel to manipulate Swiss franc LIBOR for long periods of time, creating a persistent state of artificiality that skewed the market in a direction beneficial to their entire trading book every day. For example, UBS admitted that “[s]tarting at least as early as 2001, and continuing until at least

⁹⁴ *Id.*

September 1, 2009, on each trading day on which UBS had Swiss franc trading positions, UBS's Swiss franc LIBOR submitters rounded UBS's Swiss franc LIBOR submissions to benefit UBS's global Swiss franc trading positions."⁹⁵

118. By "rounding" its Swiss franc LIBOR submissions up or down to reflect the direction that would most benefit its Swiss franc LIBOR-based derivatives positions, UBS intended to skew Swiss franc LIBOR to benefit its entire trading book on every day.

119. Deutsche Bank had a similar policy in place, focused on policing the "spread" or difference between certain tenors of LIBOR, including Swiss franc LIBOR.⁹⁶ Much like the Defendants' fixing of the bid-ask spread in the OTC Swiss franc LIBOR-based derivatives market, Deutsche Bank sought to widen the spread between different tenors of LIBOR for multiple currencies, including Swiss franc LIBOR.⁹⁷ Deutsche Bank's traders capitalized on the relationship between tenors by entering into "massive derivatives basis trading positions" which increased in value as the spread between tenors widened.⁹⁸

120. Deutsche Bank educated its traders and submitters to ensure that this plan was well known and utilized across currency desks. Deutsche Bank's Global Senior Manager and other senior traders held weekly meetings where they openly discussed the use of this trading strategy so that everyone involved understood the plan.⁹⁹ As a result, the CFTC found that Deutsche Bank's LIBOR submitters, including those who made Swiss franc LIBOR submissions, routinely built this spread "bias" into Deutsche Bank's LIBOR submissions,

⁹⁵ UBS DOJ Statement of Facts at 30 ¶73.

⁹⁶ See Deutsche Bank CFTC Order at 9.

⁹⁷ *Id.*

⁹⁸ *Id.*

⁹⁹ *Id.*

pushing the spread between different tenors of LIBOR wider, even in the absence of written communications from traders requesting a specific false rate.

121. These two long-term manipulations, which sought to impact Swiss franc LIBOR on every day, not just days when the Defendants had large fixings, rendered the prices of Swiss franc LIBOR-based derivatives artificial throughout the entire Class Period. Plaintiffs and the Class suffered legal injury when they were forced to transact at artificial prices directly and proximately caused by Defendants' efforts to create a persistent state of artificiality that benefited their own trading books.

2. Defendants Coordinated Their Swiss franc LIBOR Submissions to Maximize Their Impact on the Swiss franc LIBOR Fix

122. To maximize their impact on the daily Swiss franc LIBOR fix, Contributor Bank Defendants coordinated their false Swiss franc LIBOR submissions with other Defendants. Coordination among Defendants is currently known to have occurred through two primary means (1) communications between traders and submitters; and (2) inter-dealer brokers.

a. Coordination Through Improper Communications Between Traders and Submitters

123. Defendants used multiple forms of communication, including text messages, cell phones, and in-person meetings¹⁰⁰ to coordinate their requests for false Swiss franc LIBOR submissions with Contributor Bank Defendants' traders and submitters and avoid detection by regulators. The handful of examples of inter-Defendant communications released in the government settlements to date come from transcripts of phone calls and Bloomberg chat rooms,

¹⁰⁰ Testimony in the ongoing criminal trial of Tom Hayes, mastermind of UBS' Yen-LIBOR manipulation scheme, demonstrates that traders coordinated manipulative conduct using, *inter alia*, unmonitored person cell phone to escape detection. *See e.g.*, David Enrich, *Former Trader Tom Hayes Told Libor Investigators of 'Collusive' Price Fixing*, The Wall Street Journal, available at <http://www.wsj.com/articles/hayes-told-investigators-of-collusive-price-fixing-1433160629>.

electronic venues where Defendants would meet at times to share information regarding their derivatives positions and coordinate false Swiss franc LIBOR submissions.¹⁰¹

124. The typical conversation involved an exchange of information regarding each trader's Swiss franc LIBOR-based derivatives position, followed by an agreement regarding a false Swiss franc LIBOR submission from each bank's respective Swiss franc LIBOR submitter. For example, in the conversation below, an RBS Swiss franc LIBOR-based derivatives trader requested a false Swiss franc LIBOR submission from RBS' primary LIBOR submitter. The RBS trader made this request following an undisclosed conversation with a Swiss franc LIBOR-based derivatives trader (and former RBS employee) located at unidentified Swiss franc LIBOR contributor panel "Bank E." Following the initial conversation, RBS Swiss Franc Trader requests that RBS make an artificially higher three-month and artificially lower six-month Swiss franc LIBOR submission:

May 14, 2009:

RBS Swiss Franc Trader: pls can we get

RBS Swiss Franc Trader: super high 3m

RBS Swiss Franc Trader: super low 6m

RBS Swiss Franc Trader: PRETTY PLEASE!

RBS Primary Submitter: 41 & 51

RBS Swiss Franc Trader: if u did that

¹⁰¹ Given the structure of Bloomberg's network, upon information and belief, these electronic communications are located within the United States and were transmitted into the United States, crossing U.S. wires, through servers located in the United States. Bloomberg transport specifications require that all users connect to internet protocol ("IP") addresses located within the United States in order to access Bloomberg's U.S.-based servers, which are used to send messages in addition to accessing financial information. These servers also host the Instant Bloomberg chat rooms Defendants' utilized in their scheme. See *Transport and Security Specifications*, BLOOMBERGL.P. (Nov. 13, 2014) at 7, 12 (listing Bloomberg IP addresses and diagraming network structure with endpoints in New York and New Jersey).

RBS Swiss Franc Trader: I would lvoe u forever

RBS Primary Submitter: 41 & 51 then . . .

RBS Swiss Franc Trader: if u did that i would come over there and make love to you

RBS Swiss Franc Trader: your choice

RBS Primary Submitter: 41+51 it is

RBS Swiss Franc Trader: thought so

RBS Primary Submitter: so shallow¹⁰²

125. In a follow-up conversation later that day, the RBS Swiss Franc Trader and his co-conspirator at Bank E discuss the success of their Swiss franc LIBOR manipulation:

May 14, 2009:

RBS Swiss Franc Trader: we are good!

Bank E Swiss Franc Trader: yes[,] look at it now[,] low libor[,] and chf libor good too

RBS Swiss Franc Trader: [RBS Primary Submitter] did be a big favor today[,] he set 41 and 51

Bank E Swiss Franc Trader: sweet¹⁰³

126. The impact of this manipulative conduct was far reaching, as Defendants agreed to make false Swiss franc LIBOR submissions with the specific intent to fix the prices of many different types of Swiss franc LIBOR-based derivatives, including Swiss franc currency futures contracts and Swiss franc foreign exchange forwards. For example, in the conversation below, RBS Swiss franc Trader and a co-conspirator at unidentified Bank E, discuss the impact that manipulating three-month Swiss franc LIBOR will have on the “fx basis,” or the difference between the “spot” price, *i.e.* the price of Swiss francs for immediate delivery, and the price of

¹⁰² RBS CFTC Order at 28.

¹⁰³ *Id.*

Swiss francs for delivery on some date in the future, as represented in a Swiss franc currency futures contract or Swiss franc foreign exchange forward:¹⁰⁴

April 15, 2008:

Bank E Swiss Franc Trader: you know what i hope[,] that libor 3m is not going up

RBS Swiss Franc Trader: Yes...Should not go up.. Just hang here

Bank E Swiss Franc Trader: ok[,] just weird that zurich put it at 2.77 today¹⁰⁵

RBS Swiss Franc Trader: So fx basis will go negative if 3m usd ever starts to go down

Bank E Swiss Franc Trader: you should tell [RBS Primary Submitter][,] if you can[,] the set it at 2.78¹⁰⁶

127. On April 15, 2008, consistent with Bank E Swiss Franc Trader's request, RBS artificially lowered its three-month Swiss franc LIBOR submission to 2.78%, directly impacting the April 15, 2008 Swiss franc LIBOR fix and the prices of Swiss franc LIBOR-based derivatives, including Swiss franc currency futures contracts and Swiss franc foreign exchange forwards.

128. These two communications are small sample of RBS Swiss Franc Trader's communications with his co-conspirator at Swiss franc LIBOR panel Bank E. The CFTC found that these two traders coordinated their manipulative conduct through "near daily" Bloomberg chats, during which they exchanged proprietary information unavailable to other market participants, including their positions in Swiss franc LIBOR-based derivatives, their preferred

¹⁰⁴ See Understanding FX Futures at 8, <http://www.cmegroup.com/education/files/understanding-fx-futures.pdf> (explaining foreign exchange basis as the relationship between the spot price and future price of a currency pairing).

¹⁰⁵ UBS' Swiss franc LIBOR submission on April 15, 2008 was 2.77%.

¹⁰⁶ RBS CFTC Order at 28.

Swiss franc LIBOR rates, the amount they could benefit from manipulating Swiss franc LIBOR, and the requests they made to their respective Swiss franc LIBOR submitters.¹⁰⁷

129. Contributor Bank Defendants also agreed to make false Swiss franc LIBOR submissions based on requests from their clients, including large hedge funds that traded Swiss franc LIBOR-based derivatives. This practice was common throughout the Class Period. As one trader from Barclays, another Swiss franc LIBOR panel bank, explained to the Federal Reserve, large hedge funds, including Defendant BlueCrest, lobbied LIBOR panel banks for favorable submissions on a regular basis.¹⁰⁸ Funds that were “on the bandwagon,” would call salespersons at each contributor panel bank to request that they move LIBOR higher or lower depending on the fund’s derivatives positions.¹⁰⁹

130. This solicitation was motivated by greed. Just like the Contributor Bank Defendants, whose traders were compensated based on the performance of their trading book, at Defendant BlueCrest, successful money managers typically received twelve percent of the profits from their individual trading books as a bonus at the end of each year.¹¹⁰ Those who underperformed were punished. A loss of just three percent would result in a trader having the size of his book cut in half, substantially reducing the potential amount of profit and as a result compensation available to that individual.¹¹¹

131. The banks, eager to burnish relationships with their best clients, frequently

¹⁰⁷ *Id.* at 27.

¹⁰⁸ See Erin Arvedlund, *OPEN SECRET: THE GLOBAL BANKING CONSPIRACY THAT SWINDLED INVESTORS OUT OF BILLIONS*, at 97-98 (2014).

¹⁰⁹ *Id.*

¹¹⁰ See Westbrook, *supra* note 8.

¹¹¹ *Id.*

obliged.¹¹² In the communication below, Defendant BlueCrest, one of the largest hedge funds in the world, reached out to Deutsche Bank to request a false one-month Swiss franc LIBOR submission to benefit BlueCrest's Swiss franc LIBOR-based derivatives positions:

February 10, 2005:

Can't you ask your ffit to contribute **1m chf libor very low today??** I have 10 yr of fix, 8 of which against ubs, and they're getting on my nerves."¹¹³

132. This communication demonstrates that Defendants' coordinated manipulation of Swiss franc LIBOR extended well beyond the Contributor Bank Defendants who sat on the Swiss franc LIBOR panel and included other market participants, including other funds and institutional investors who stood to financially benefit from trading Swiss franc LIBOR-based derivatives.

**b. Coordination Through Inter-Dealer Brokers:
A Classic Hub and Spoke Conspiracy**

133. Defendants also coordinated their Swiss franc LIBOR submissions with other currently unknown co-conspirators by using "inter-dealer brokers," *i.e.*, intermediaries that typically facilitate transactions between dealer banks in markets where there are no centralized exchanges, such as the over-the-counter market for Swiss franc LIBOR-based derivatives. Because of their natural position as intermediaries in the financial markets, inter-dealer brokers functioned as the "hub" between the Swiss franc LIBOR panel bank "spokes" in a classic hub-and-spoke conspiracy to fix the prices of Swiss franc LIBOR-based derivatives.

134. The brokers, sitting at the center of the wheel, took requests for false LIBOR submissions from panel banks and other market participants and coordinated the submissions of

¹¹² See Erin Arvedlund, OPEN SECRET: THE GLOBAL BANKING CONSPIRACY THAT SWINDLED INVESTORS OUT OF BILLIONS, at 97-98 (2014).

¹¹³ Deutsche Bank NYSDFS Consent Order at 10 (emphasis added).

other panel members to move the market in the agreed upon direction. Brokers were paid for their services with commissions from “wash trades,” *i.e.*, transactions with no economic value in which two parties exchange identical financial instruments solely to compensate the broker.¹¹⁴

The communications below are taken from UBS’ non-prosecution agreement with the DOJ:

February 25, 2009:

In an electronic chat with Trader 1 . . .

Trader 1: low 1m and 3m . . . we must keep 3m down . . . try for low on all of em

Broker B: ok ill do my best for those today

Later that day on a recorded phone call with Bank F . . .

Broker B: Can I ask you a small favor?

Submitter F: Yeah

Broker B: Where are you going to set your Libor threes today?

Submitter F: Uh, same, .65.

Broker B: Is there any way you might be able to take it down [one basis point] cause I’m getting a big trade out of it? . . . I’m getting someone to do me a big trade if they said I can help ‘em sort of get Libors down a bit today

Submitter F: Yeah, okay.

135. Prior to being contacted by Broker B, Submitter F had already entered the .65 three-month LIBOR submission on a form, which he had passed on to the Swiss franc submitter sitting next to him. However, Submitter F can be heard on the recorded conversation asking the submitter next to him lower Submitter F’s three month Yen LIBOR submission from .65 to .64 pursuant to Broker B’s request.¹¹⁵

¹¹⁴ See *e.g.*, RBS CFTC Order at 23 (demonstrating that RBS engaged in wash trades with UBS to compensate brokers for assisting with LIBOR manipulation by generating sham commission payments).

¹¹⁵ UBS DOJ Statement of Facts, at 21-22.

136. While the example above involves the coordinated fixing of Yen LIBOR, it is instructive as to how the Defendants in this case used inter-dealer brokers to coordinate their manipulation of Swiss franc LIBOR. The FCA found that inter-dealer brokers made requests for false Swiss franc LIBOR submissions to at least two RBS derivatives traders, one RBS money market trader, and one primary LIBOR submitter.¹¹⁶ Similar to the conduct described above, RBS' derivatives traders passed the requests on to the relevant primary LIBOR submitter who then made LIBOR submissions in line with the unidentified co-conspirator's requests.¹¹⁷

137. The FSA found that there were at least five requests for Swiss franc LIBOR submissions made by an external trader and inter-dealer broker that RBS followed during the Class Period.¹¹⁸ However, the banks and brokers on the other side of these requests have not been identified and the communications associated with these requests for false submissions have not been released. Only discovery will reveal exactly which banks and brokers participated in manipulating and fixing Swiss franc LIBOR and the prices of Swiss franc LIBOR-based derivatives.

138. The hub-and-spoke nature of Contributor Bank Defendants' conspiracy is confirmed by the fact that the requests from inter-dealer brokers occurred during the same time period that Contributor Bank Defendants had agreements in place amongst themselves to manipulate Swiss franc LIBOR and the prices of Swiss franc LIBOR-based derivatives.¹¹⁹

¹¹⁶ See RBS FSA Final Notice at 16 ¶61.

¹¹⁷ *Id.*

¹¹⁸ *Id.*

¹¹⁹ See RBS CFTC Order at 24-29 (finding that from late 2006 through mid-2009 RBS coordinated its artificial Swiss franc LIBOR submissions with a trader at another bank); RBS FSA Final Notice at 15 (finding that between February 2007 and June 2010, RBS received request from external traders and inter-dealer brokers to manipulate its Swiss franc LIBOR submissions); UBS DOJ Statement of Facts at 30 (finding that UBS began manipulating Swiss franc LIBOR from as early as 2001 until at least September 1, 2009);

139. These agreements, which are detailed in the Contributor Bank Defendants' settlements with government regulators, connect the individual Defendant spokes around the inter-dealer brokers and include, *inter alia* (a) the EC's finding that between March 2008 and July 2009, RBS and JPMorgan operated a cartel aimed at manipulating Swiss franc LIBOR to "distort the normal pricing of interest rate derivatives denominated in Swiss franc";¹²⁰ (b) the EC's finding that Defendants RBS, UBS, JPMorgan, and Credit Suisse participated in a cartel to fix the prices of Swiss franc LIBOR-based derivatives between May and September 2007;¹²¹ and (c) the *near daily* communication of trading information, including requests for false Swiss franc LIBOR submissions, between RBS and unidentified Swiss franc LIBOR panel "Bank E."

3. Defendants Made Structural Changes to Support the Manipulation of Both Swiss franc LIBOR and the Prices of Swiss franc LIBOR-Based Derivatives

140. Defendants supported the anticompetitive conduct described above by (1) making structural changes to their money markets and LIBOR-based derivatives trading desks to create an environment where LIBOR manipulation, including the coordination of requests for false submissions between traders and submitters, was encouraged; (2) implementing lax compliance standards that failed to detect any misconduct; (3) using their influence over the BBA's rule making committees to alter the LIBOR submissions requirements to allow for their manipulative conduct; and (4) hiding evidence of wrongdoing from government regulators to thwart their investigations.

¹²⁰ See EC RBS-JPMorgan Cartel Settlement, *supra* note 31.

¹²¹ See EC Bid-Ask Spread Cartel Settlement, *supra* note 2.

a. Defendants Reorganized Their Money Markets and Derivatives Trading Desks to Create a Culture of Manipulation

141. By restructuring their trading desks, Contributor Bank Defendants sought to place LIBOR submitters next to derivatives traders so that each bank's LIBOR submissions could be manipulated to better serve their trading book. For example, in October 2006, RBS senior management reorganized its trading desks so that derivatives traders and money market traders, who were also LIBOR submitters, shared the same physical location within the firm.¹²² The co-location plan, known as the Short-Term Markets Desk ("STM"), was expressly intended to encourage derivatives and money market traders to share market information that could impact trading and funding decisions, including their LIBOR submissions.¹²³

142. This new seating arrangement amplified the preexisting conflict of interest between the profit motive of Swiss franc LIBOR-based derivatives traders, whose compensation was directly based on the performance of their trading book, and the responsibility of Swiss franc LIBOR submitters who, according to BBA rules, were required to submit RBS' true cost of borrowing in the inter-bank market without any reference to its Swiss franc LIBOR-based derivatives positions.¹²⁴

143. RBS' Swiss franc LIBOR-based derivatives traders quickly took advantage of this new arrangement, not only sharing their view of market conditions, but also telling RBS' primary LIBOR submitter their derivatives positions and encouraging him to make Swiss franc LIBOR submissions that would financially benefit those positions.¹²⁵

¹²² RBS CFTC Order at 6.

¹²³ *Id.*

¹²⁴ *Id.*

¹²⁵ *Id.*

144. UBS made similar seating arrangements. From at least January 2005 through September 2009, derivatives traders on UBS' STIR desk traded short-term interest rate derivatives and made submissions for all LIBOR currencies, except U.S. Dollar LIBOR and Euro LIBOR.¹²⁶

145. The STIR desk managed both UBS' interest rate risk and short term cash positions, engaging in transactions for interest rate derivatives and cash trading in the money markets for each currency, including Swiss francs.¹²⁷

146. On UBS' STIR desk, Swiss franc LIBOR-based interest rate derivatives traders were not just seated next to Swiss franc LIBOR submitters, they actually made the submissions themselves. By placing Swiss franc LIBOR derivatives traders (whose compensation was directly based on the performance of their trading books) in charge of determining UBS' Swiss franc LIBOR submissions, UBS created a direct conflict of interest between the profit motive of these traders and their responsibility to submit Swiss franc LIBOR quotes that reflected UBS' true cost of borrowing.

147. Beyond making seating arrangements, UBS' management was aware of and directly involved in manipulating UBS' Swiss franc LIBOR submissions. For example, at least one UBS manager who ran the Swiss franc derivatives trading desk was a former LIBOR submitter and participated in UBS' concurrent scheme to manipulate Yen LIBOR, the benchmark interest rate for Japanese Yen, and prices of Yen LIBOR-based derivatives.¹²⁸

148. Deutsche Bank's management also took measures to ensure that Swiss franc LIBOR was manipulated. Starting in 2006, Deutsche Bank merged its pool trading and MMD

¹²⁶ UBS CFTC Order at 8.

¹²⁷ *Id.*

¹²⁸ *See* UBS DOJ Statement of Facts, at 9.

desks to increase the bank's trading profits by aligning the desks' related trading positions.¹²⁹ Its pool traders were responsible for making Swiss franc LIBOR submissions, as well as trading derivatives positions, and its MMD traders were responsible for trading Swiss franc LIBOR-based derivatives.¹³⁰

149. Following the merger, Deutsche Bank's management worked to improve the ability to coordinate trades and false LIBOR submissions among the MMD and pool traders.¹³¹ For example, because most of Deutsche Bank's Swiss franc LIBOR submissions were made by traders in Frankfurt, Germany, Deutsche Bank Global Senior Manager encouraged the Frankfurt Swiss franc LIBOR submitters to contact the derivatives traders in London *every day* about what false Swiss franc LIBOR submissions they needed to increase their Swiss franc LIBOR-based trading profits.¹³²

150. Deutsche Bank also put Swiss franc LIBOR-based derivatives traders, who had a direct stake in the outcome of the Swiss franc LIBOR fixing, in charge of making the bank's Swiss franc LIBOR submissions. For example, in June 2010, Deutsche Bank assigned responsibility for making Swiss franc LIBOR submissions to a trader in Frankfurt, Germany, "Trader-16," who traded Swiss franc LIBOR-based derivatives.¹³³ This created an inherent conflict of interest between Trader-16, who reaped a direct financial benefit if Swiss franc LIBOR benefited his trading positions, and Deutsche Bank, who had a duty as Contributor Panel Defendant, to make accurate Swiss franc LIBOR submissions.

¹²⁹ Deutsche Bank CFTC Order at 8.

¹³⁰ Deutsche Bank DOJ Statement of Facts at 9.

¹³¹ Deutsche Bank CFTC Order at 8.

¹³² *Id.*

¹³³ Deutsche Bank DOJ Statement of Facts at 59.

151. This and other conflicts of interest generally went unnoticed as Deutsche Bank did not have a formal policy about conflicts of interest among traders and submitters relating to its benchmark submissions during the Class Period. In fact, Deutsche Bank did not formalize a conflict policy until February 2013, almost three years after government regulators began their probe into Deutsche Bank's LIBOR-related misconduct.¹³⁴

152. By merging the responsibility of trading Swiss franc LIBOR-based derivatives and making Swiss franc LIBOR submissions into the same desk (and sometimes even the same person) the Contributor Bank Defendants intentionally created an environment that provided significant opportunities and incentives to manipulate Swiss franc LIBOR.

b. Defendants Implemented Lax Compliance Standards That Ignored Manipulative Conduct

153. Defendants not only intentionally rearranged their trading operations to facilitate manipulative conduct, they also used their compliance departments to support the ongoing LIBOR manipulation by imposing meaningless standards that were guaranteed not to detect wrongdoing, at times going so far as to interfere with government investigations.

154. To conceal its LIBOR-related misconduct, members of Deutsche Bank's compliance department repeatedly refused to conduct internal audits of its LIBOR submission process. For example, on October 25, 2010, a Deutsche Bank Compliance Supervisor asked Compliance Officer A to look into the bank's LIBOR-related systems and control to formally review the banks' practices in multiple currencies.¹³⁵ Compliance Officer A ignored this request and did not conduct the review because it would negatively impact Deutsche Bank's highly profitable LIBOR-based derivatives business, explaining to another Deutsche Bank employee

¹³⁴ Deutsche Bank CFTC Order at 4.

¹³⁵ Deutsche Bank FCA Final Notice at 23.

that he thought the Compliance Supervisor's idea of reviewing the LIBOR submission process was "crazy" and that "the business is going to go completely mental" if any kind of audit ever takes place.¹³⁶

155. Later that same year, Compliance Officer A struck again, this time in response to a December 2010 request from the BBA that Deutsche Bank conduct an internal audit of its LIBOR submission process. Rather than simply conduct the review, Compliance Officer A signed and submitted a confirmation to the BBA on January 12, 2011, stating that Deutsche Bank's LIBOR submissions had already been audited. This was a lie—Deutsche Bank's compliance did not audit the systems and controls in place for LIBOR. Compliance Officer A further dismissed the BBA's request and his fraudulent statement in an email, stating that the signed confirmation form was nothing more than "an arse-covering exercise [by the BBA]."

156. Following the BBA's request, on February 4, 2011, the FCA requested that Deutsche Bank attest to the systems and controls in place to ensure the integrity of Deutsche Bank's LIBOR submission process. Once again, the task of completing this review fell on Compliance Officer A, who conducted only a minimal investigation into Deutsche Bank's LIBOR submission process. Compliance Officer A found that there were **no LIBOR-specific systems and controls** in place to ensure the integrity of the benchmark. He also found that Deutsche Bank's communication monitoring system would not detect any LIBOR-related "buzz words" indicative of manipulative conduct and/or inter-bank coordination.¹³⁷

157. Despite these findings, on March 18, 2011, Compliance Officer A provided an attestation to Senior Manager I, who signed and returned the following statement to the FCA:

¹³⁶ *Id.*

¹³⁷ *Id.* at 30.

DB monitors all email and instant messaging communications of all front office staff. The focus of this surveillance is DB's market conduct, such that key words and phrases within the monitoring tool are designed to flag potential market conduct issues. Any potential issues can be escalated and investigated as necessary. In light of the above, I consider, together with the senior management [names of Senior Manager B and Senior Manager C provided] . . . that DB currently has adequate systems and controls in place for the determination and submission of DB's LIBOR fixings.¹³⁸

158. This statement was blatantly false in three respects, as Compliance Officer A knew that Deutsche Bank: (1) did not have any specific procedure in place governing LIBOR submissions; (2) did not conduct spot checks; and (3) did not monitor communications for LIBOR-specific terms. The FCA found that Deutsche Bank's senior management failed to oversee Compliance Officer A or verify any information contained within the attestation.¹³⁹

159. UBS also did not have any systems or controls in place to monitor its LIBOR submission process, which permitted its traders and submitters to manipulate LIBOR.¹⁴⁰ When UBS' Compliance department launched an internal review of its LIBOR submission processes and procedures (the "2008 Review"),¹⁴¹ it chose to limit its 2008 Review solely to U.S. Dollar LIBOR, ignoring the likely possibility that its traders and submitters, who management placed next to each other on the STIRs desk, were involved in manipulating LIBOR for multiple currencies—a reality confirmed by UBS' guilty plea to wire fraud in connection with its LIBOR-related misconduct.¹⁴²

¹³⁸ *Id.* at 30-31.

¹³⁹ *Id.* at 31.

¹⁴⁰ Financial Services Authority Final Notice against UBS AG, FSA Ref. No. 186958, at 34 (Dec. 19, 2012) (hereinafter "UBS FSA Final Notice").

¹⁴¹ *Id.* at 27.

¹⁴² *United States v. UBS AG*, Plea Agreement, No. 15-cv-76, ECF No. 6, at 1.

160. To ensure the 2008 Review did not uncover LIBOR-related misconduct, UBS' Compliance department placed one of the Bank's own LIBOR submitters in charge. This created a direct conflict of interest, giving the submitter an opportunity to conceal any misconduct that might get him or his friends in trouble. For example, the LIBOR submitter selected to lead the 2008 Review had himself received at least one request for a false LIBOR submission during the relevant period.¹⁴³ Proof that the 2008 Review was a sham, the LIBOR submitter found nothing wrong with UBS' USD LIBOR submission process even though he had direct knowledge that UBS' traders were manipulating LIBOR.¹⁴⁴ UBS' Compliance department naïvely terminated its limited inquiry into the LIBOR submitting process at the bank, permitting UBS' LIBOR manipulation to continue without consequence.

161. To give the appearance that UBS was making a serious effort to end LIBOR-related misconduct, Compliance decided in August 2008 that it was finally time to draft formal procedures and guidelines (the "2008 Guidelines") for UBS' LIBOR submission process. The 2008 guidelines, like the 2008 Review, were also a sham and never actually circulated to UBS' employees. UBS' Compliance department only drafted them as a protective measure, in the event they were ever questioned about what procedures they had in place.¹⁴⁵ The 2008 Guidelines were illusory, and neglected to address key failures within the bank's LIBOR submission process: the inherent conflicts of interest (*e.g.* assigning trading and submitting responsibilities to the same individual at the STIR desk) and lack of training for LIBOR submitters on how to properly calculate UBS' daily LIBOR submission.

¹⁴³ UBS FSA Final Notice at 28.

¹⁴⁴ *See, e.g., id.* at 28.

¹⁴⁵ *Id.* at 29-30.

162. The 2008 Guidelines also created an “exception reporting regime” intended to give the appearance that UBS actively monitored its LIBOR submissions for false reporting. Under this new system, compliance was to make weekly comparisons of UBS’ LIBOR submissions to UBS’ actual cost of borrowing and/or the published LIBOR for the day. Large differences would be considered “exceptions” and flagged for further review. While this sounded good on paper, compliance configured the exception reporting regime to only be triggered by extremely large differences between UBS’ LIBOR submission and actual cost of borrowing, effectively neutering the system. As a result, despite UBS’ admitted false reporting in multiple LIBOR currencies throughout the Class Period, the exception reporting regime did not detect a single false LIBOR submission while it was in place.¹⁴⁶

163. RBS also failed to enact adequate systems and controls for its LIBOR submissions. Because it did not have the necessary systems in place, between September 2008 and August 2009, RBS executed at least 30 wash trades generating a total £211,000 in kickbacks for co-conspirator inter-dealer brokers, even though such trades would have easily been detectable with a proper compliance system in place to monitor its trading.¹⁴⁷ By 2010, both the BBA and the FSA were concerned about the integrity of RBS’ LIBOR submissions and requested that the bank audit its internal control processes. RBS’ Group Internal Audit (“GIA”) reviewed RBS’ LIBOR-setting processes and concluded that there was no monitoring process in place to oversee its LIBOR submissions and non-Money Market Traders had access to RBS’ LIBOR submissions system, creating an immense opportunity for manipulation.¹⁴⁸

¹⁴⁶ *Id.* at 29.

¹⁴⁷ RBS FSA Final Notice at 5.

¹⁴⁸ *Id.* at 27.

164. Instead of fully tackling its LIBOR systems and controls problem, RBS took the easy route. It circulated a paper titled “BBA LIBOR Rate Setting Procedures” solely to its Money Market Traders. Then, an RBS Senior Manager signed a letter to the FCA stating that RBS had adequate systems and controls in place for its LIBOR submissions. This letter was completely untrue, as RBS’ “BBA LIBOR Rate Setting Procedures” were not even circulated to its Derivatives Traders and LIBOR submitters and there was no training in place for RBS’ LIBOR submitters.¹⁴⁹ As a result of these key oversights, RBS’ traders and submitters could continue their manipulation without internal recourse.

c. Defendants Used Their Influence Over the BBA to Alter the LIBOR Submissions Rules in Their Favor

165. In addition to their failure to implement a meaningful compliance system within the bank, UBS’ compliance department affirmatively took steps to help UBS’ LIBOR manipulation continue. In July and September of 2008, the BBA’s Foreign Exchange and Money Markets Committee (“FX & MM Committee”), which is made up of LIBOR panel bank members, including UBS, drafted the LIBOR Terms of Reference for the panel banks to follow proposing that: “[the rate should not be] set in reference to information supplied by any individual or institution outside that area of the contributing bank that has the primary responsibility for managing that bank’s cash.”¹⁵⁰ UBS’ compliance department objected to these terms because it knew the bank’s cash desk was not, and could not, follow the Terms of Reference as written. Out of fear of removal from its various LIBOR panels (the punishment for breaking the Terms of Reference), which would stop the flow of profits from its LIBOR manipulation business, UBS’ compliance department suggested—and the BBA ultimately

¹⁴⁹ *Id.* at 28.

¹⁵⁰ UBS FSA Final Notice at 30 (alteration in original).

implemented—that the term be rewritten so that a cash desk “takes full responsibility for the submitted rate and that this should not be contributed or unduly influenced by other areas of the bank or outside institutions.”¹⁵¹ This standard was far more relaxed, providing cover for UBS’s traders and submitters to continue manipulating LIBOR.

166. Before UBS could sign off on the BBA Terms of Reference, it revised its LIBOR procedures in December of 2009 (the “2009 Procedures”). The 2009 Procedures permitted LIBOR submitters to take into account “general market information and market sentiment provided by STIR desk.”¹⁵² This procedure amounted to nothing more than a tool that traders and submitters could use to cover up their collusion, for example, UBS’ traders to could make a request to manipulate LIBOR, but then disguise the request as “market color” and technically comply with UBS’ internal procedures. Yet again, the 2009 Procedures suffered from the same shortcomings as the 2008 Procedures and UBS’ LIBOR manipulation continued without interference from its Compliance department.

167. As part of the FX & MM Committee’s Terms of Reference, the LIBOR contributor banks were supposed to conduct a yearly audit of their LIBOR submissions. UBS’ audits were solely done to rubber stamp the bank’s LIBOR submission process, rather than to actually detect and reform the inadequacies within bank’s submission process. For example, between January and May 2009, the UBS Group Internal Audit (“GIA”) reviewed UBS’ STIR desk. Instead of truly delving into the desk’s submission process, GIA merely did a “walk through,” only looking at the 2008 Procedures and some exception reports and then terminating its inquiry.¹⁵³ UBS’ GIA never even inquired into the STIR desk’s submission process for

¹⁵¹ *Id.*

¹⁵² *Id.* at 31.

¹⁵³ *Id.* at 32.

LIBOR.¹⁵⁴ Because UBS' GIA failed to truly conduct a single audit, UBS' submitters continued to manipulate their LIBOR submissions without fear of detection.

168. The FX & MM Committee's Terms of Reference similarly did not deter Defendant RBS from manipulating its LIBOR submissions. RBS did not even sign the Terms of Reference, even though it was mandatory. As a FX & MM Committee member, RBS was required to have individuals that were responsible for submitting LIBOR for each currency to sign and return the procedures. None of RBS' submitters signed. Thus none of its submitters were bound to its terms and could continue with their dishonest LIBOR submission process.¹⁵⁵ RBS also failed to comply with the Terms of Reference's requirement to conduct yearly internal audits and implement a record retention policy.

d. Defendants Actively Concealed Their Wrongdoing from Government Regulators

169. To further conceal their wrongdoing, at least one Defendant, Deutsche Bank, repeatedly lied to the FCA during its probe into Deutsche Bank's LIBOR-related misconduct, including Swiss franc LIBOR.

170. The FCA's Final Notice against Deutsche Bank details how the bank attempted to hide the Federal Financial Supervisory Authority for Germany's ("BaFin") findings from their LIBOR probe. In 2012, BaFin reviewed Deutsche Bank's LIBOR misconduct, producing a report ("The Report") to the bank in August of 2013.¹⁵⁶ Deutsche Bank was unhappy with The Report, which heavily criticized the bank.¹⁵⁷

¹⁵⁴ *Id.* at 33.

¹⁵⁵ RBS FSA Final Notice at 26 (Feb. 6, 2013).

¹⁵⁶ Deutsche Bank FCA Final Notice at 26.

¹⁵⁷ *Id.* at 27.

171. In the course of its investigation, the FCA requested the Deutsche Bank provide it a copy of The Report.¹⁵⁸ Deutsche Bank's Senior Management, concerned about disclosing both The Report and BaFin's findings, sought the advice of counsel.¹⁵⁹ Deutsche Bank's lawyers informed them that a failure to disclose The Report would constitute a breach of FCA Principal 11, which broadly covers providing false, misleading or inaccurate information to the FCA, including during an investigation.¹⁶⁰

172. Disregarding this advice, Deutsche Bank went on a campaign to suppress the BaFin report. In September 2013, Deutsche Bank's Senior Manager F met with BaFin and expressed concern regarding disclosure of The Report. The BaFin took no position, meaning Deutsche Bank was free to provide the report to FCA.

173. After the BaFin meeting, on September 6, 2013, Senior Manager F talked to Senior Manager G via telephone. Together, Senior Managers F and G scripted a fabricated response, which they agreed to follow if the FCA asked Deutsche Bank to produce the BaFin report in the future. The script read as follows:

. . . the BaFin has explicitly stated to DB that it would not approve of DB sharing either copies or details of the contents of the aforementioned documents [including the report] with foreign regulators at this stage.¹⁶¹

174. To provide further cover for Deutsche Bank's actions and support the scripted response above, Senior Manager F met with Legal Manager A later that same day to draft an "attendance note" about the BaFin meeting. The note was intentionally ambiguous and written so that it could be interpreted to state that the BaFin expressly prohibited Deutsche Bank from

¹⁵⁸ *Id.*

¹⁵⁹ *Id.* at 26.

¹⁶⁰ *Id.* at 27.

¹⁶¹ *Id.* (alteration in original).

disclosing The Report to the FCA. Conveniently, this ambiguous document was the only record of the September BaFin meeting.

175. All the while, Deutsche Bank's management knew that disclosing the report was not prohibited by BaFin. For example, in a September 10 email, a Deutsche Bank Legal Team member wrote that "subject to the [Management] Board agreeing, we would likely inform the other regulators about receipt of the [Report and the other materials] but only be prepared to share the [Report]."¹⁶² This statement was also reflected in papers sent to the management board during a meeting which stated that disclosure of The Report "may be acceptable for the BaFin."

176. Despite being told by its legal department to disclose The Report to the FCA, Deutsche Bank's management deliberately chose to conceal the BaFin's criticisms against the bank. On September 13, 2013, Deutsche Bank conveyed the previously-scripted statement to the FCA's Enforcement and Financial Crime Division. On September 16, Senior Manager E told the FCA's Supervision Department the same message during a phone call. Deutsche Bank also followed-up via email on September 16, stating to the FCA:

DB received several documents from the BaFin in August 2013 including [the Report]... **The BaFin has indicated to DB that it would not approve of DB sharing either copies or details of the contents of the documents referred to above with foreign regulators at this stage.** In these circumstances, the Bank feels that it has no option but to defer to the BaFin's wishes. As discussed, if you would like further information, we would therefore ask that you speak directly with your contacts at the BaFin.¹⁶³

177. Collectively, the information Deutsche Bank told the FCA was inaccurate, misleading, and intentionally crafted to keep the FCA from discovering the criticisms of the bank, including The Report, that senior management considered unflattering.

¹⁶² *Id.* at 28 (alterations in original).

¹⁶³ *Id.* (emphasis added).

178. On January 30, 2014, the FCA began to investigate Deutsche Bank for its failure to disclose The Report. Deutsche Bank continued to make misrepresentations to the FCA to cover-up its investigation-related misconduct. Deutsche Bank Senior Manager H represented to the FCA that the attendance note of the September meeting with BaFin substantiated the bank's position that their non-disclosure was reliable and appropriate. Senior Manager H later determined that the attendance note was misleading, but did not contact the FCA to correct his misleading statement. The FCA determined that the attendance note was drafted by Legal Manager A two days after the September meeting, at which he was not present.¹⁶⁴

IV. Defendants' Pervasive Conspiratorial and Manipulative Conduct Deprived Class Members of the Benefit of Competition, And Rendered Swiss Franc LIBOR and the Prices of Swiss Franc LIBOR-Based Derivatives Artificial During the Class Period

179. Based on the manipulative conduct described above, Plaintiffs analyzed the Swiss franc LIBOR fixings, contributor panel bank submissions, and market data for various Swiss franc LIBOR-based derivatives. These analyses uncovered that (1) at least the one-month, three month, and six-month tenors of Swiss franc LIBOR were artificial throughout the Class Period; and (2) the prices of Swiss franc LIBOR-based derivatives were manipulated to artificial levels during the Class Period.

A. Swiss Franc LIBOR Was Artificial Throughout the Class Period

180. According to BBA guidelines, Swiss franc LIBOR is supposed to be "based on offered inter-bank deposit rates," *i.e.*, the amount of interest that banks offer to pay each other for deposits of Swiss francs.¹⁶⁵ As alleged above and admitted by Defendants in their settlements with multiple government regulators, the Contributor Bank Defendants consistently made false

¹⁶⁴ *Id.* at 29.

¹⁶⁵ See *e.g.*, *The BBA LIBOR Fixing and Definition*, BBA (last visited Sept. 30, 2008) <https://web.archive.org/web/20080930203457/http://www.bba.org.uk/bba/jsp/polopoly.jsp?d=225&a=1413&artpage=all>.

Swiss franc LIBOR submissions that did not reflect the rate of interest being offered on inter-bank deposits and instead were intended to benefit their Swiss franc LIBOR-based derivatives positions throughout the Class Period.

181. To estimate when Swiss franc LIBOR was manipulated to artificial levels during the Class Period, Plaintiffs compared the results of the daily one-month, three-month, and six-month Swiss franc LIBOR fixing to a benchmark rate, compiled by Bloomberg L.P. from actual money market transactions, reflecting the amount of interest being offered on Swiss franc denominated deposits with the same maturities (hereinafter the “Swiss Franc Deposit Rate”).

182. Plaintiffs calculated the spread between Swiss franc LIBOR and the Swiss Franc Deposit Rate on each day during the Class Period by subtracting the Swiss Franc Deposit Rate from Swiss franc LIBOR for the same tenor. Because both Swiss franc LIBOR and the Swiss Franc Deposit Rate measure the amount of interest paid on Swiss franc deposits, the spread between these two rates should be very close to if not equal to zero. This is true even during “macroeconomic events,” like the financial crisis or even natural disasters, because Swiss franc LIBOR and the Swiss Franc Deposit Rate, which both represent the rate of interest being paid on Swiss franc deposit should react to these occurrences in the same way. Thus the spread between these Swiss franc LIBOR and the Swiss Franc Deposit Rate represents the amount of artificiality that Defendants caused by making false Swiss franc LIBOR submissions.

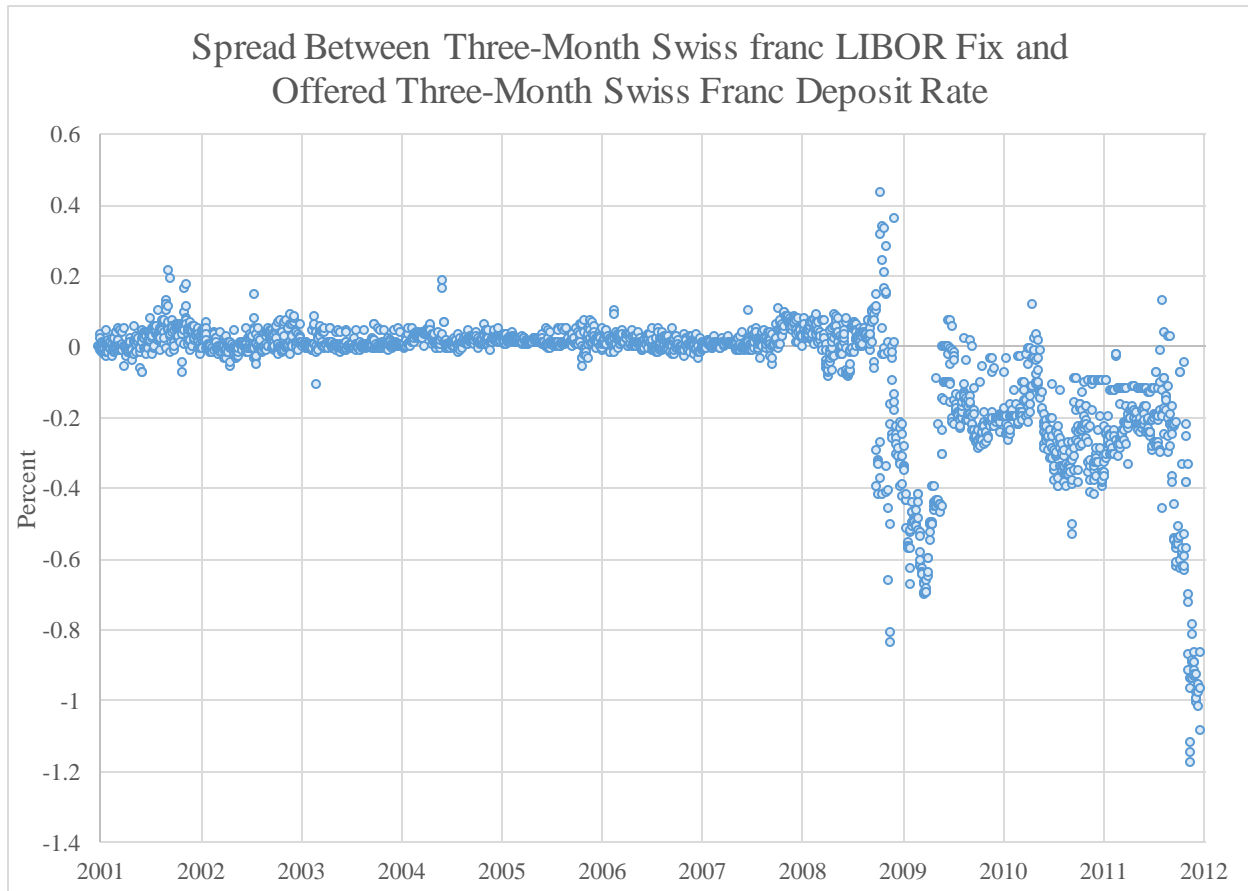
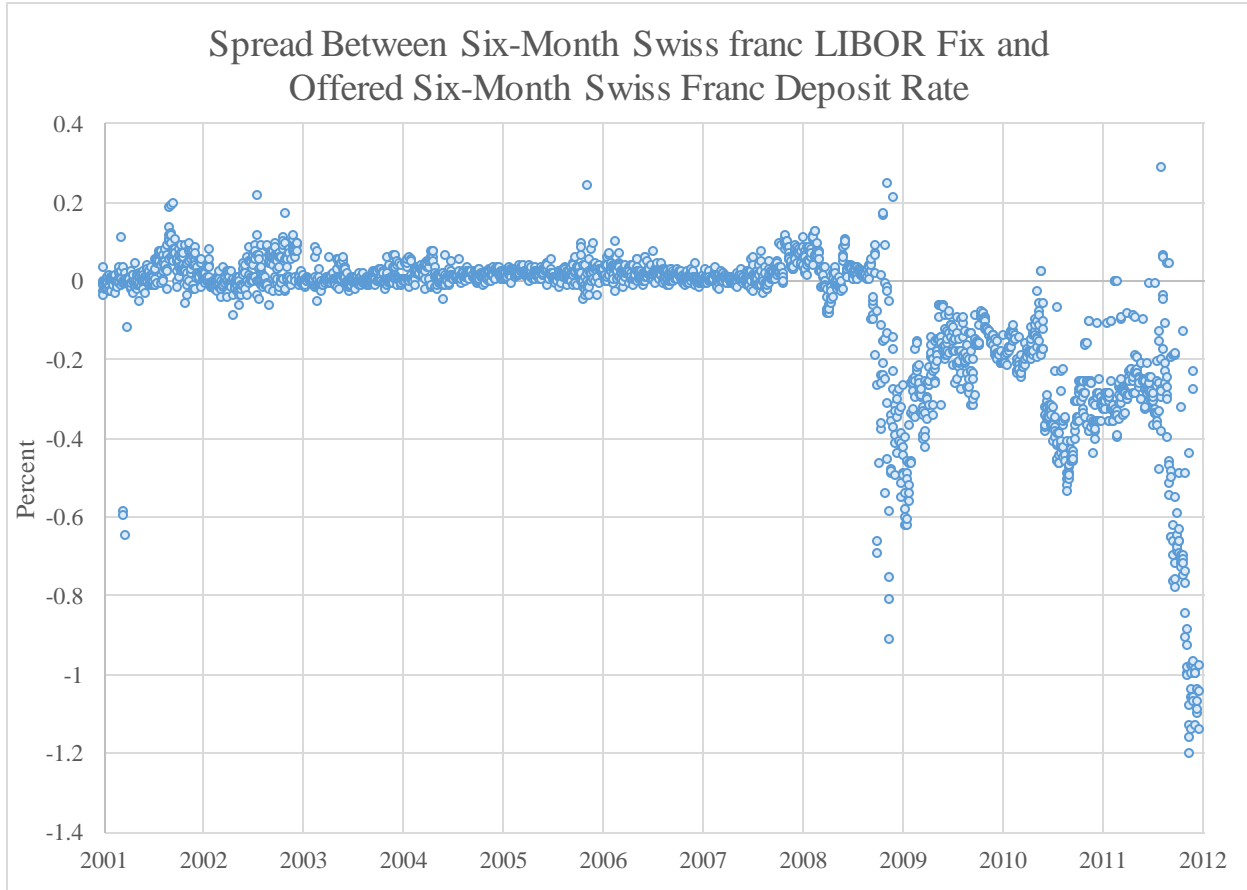
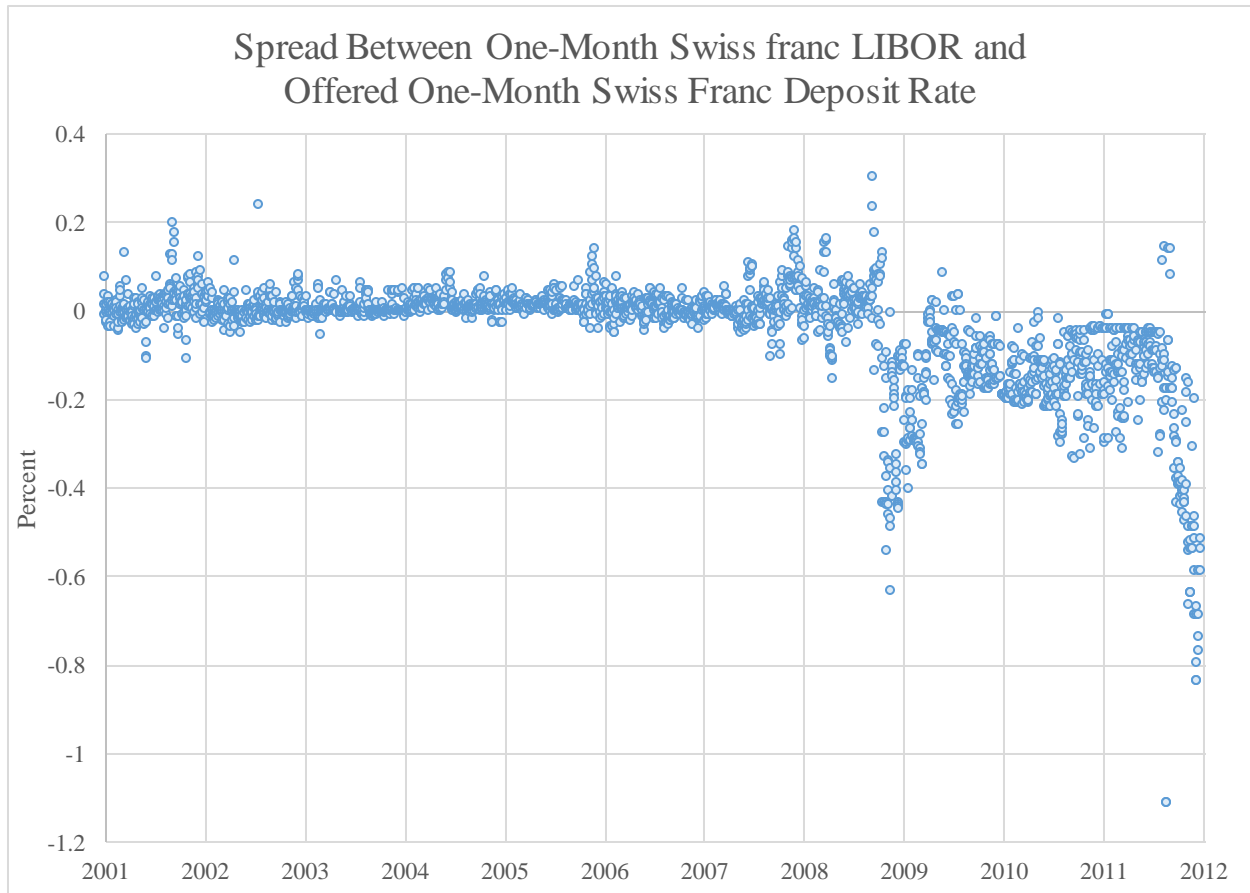


FIGURE 2

183. Figure 2 displays the spread between three-month Swiss franc LIBOR and the three-month Swiss Franc Deposit Rate between January 1, 2001 and December 31, 2011. Far from zero, the spread between three-month Swiss franc LIBOR and the three-month Swiss Franc Deposit Rate was, on average, 7 basis points throughout the Class Period, reaching almost 120 basis points or 1.2% during 2011. As far back as 2001, when UBS has admitted that it started making false Swiss franc LIBOR submissions, the spread between three-month Swiss franc LIBOR and the three-month Swiss Franc Deposit Rate reaches more than 20 basis points. This consistent large spread between three-month Swiss franc LIBOR and the three-month Swiss Franc Deposit Rate indicates that three-month Swiss franc LIBOR was artificial and did not reflect the actual rate of interest being offered on Swiss franc deposits during the Class Period.

**FIGURE 3**

184. Figure 3 displays the spread between six-month Swiss franc LIBOR and the six-month Swiss Franc Deposit Rate between January 1, 2001 and December 31, 2011. As with the comparison of three-month tenors, the spread between six-month Swiss franc LIBOR and the six-month Swiss Franc Deposit Rate was, on average, 8 basis points throughout the Class Period, reaching more than 120 basis points or 1.2% during 2011. Even as far back as 2001, the spread between six-month Swiss franc LIBOR and the six-month Swiss Franc Deposit Rate reaches more than 60 basis points. The consistent large spread between six-month Swiss franc LIBOR and the six-month Swiss Franc Deposit Rate indicates that six-month Swiss franc LIBOR was artificial and did not reflect the actual rate of interest being offered on Swiss franc deposits during the Class Period.

**FIGURE 4**

185. Figure 4 displays the spread between one-month Swiss franc LIBOR and the one-month Swiss Franc Deposit Rate between January 1, 2001 and December 31, 2011. On average the spread between one-month Swiss franc LIBOR and the one-month Swiss Franc Deposit Rate is more than 4 basis points throughout the Class Period, reaching more than 110 basis points or 1.1% at times during 2011. As far back as 2002, the spread between one-month Swiss franc LIBOR and the one-month Swiss Franc Deposit Rate reaches more than 30 basis points. The consistent large spread between one-month Swiss franc LIBOR and the one-month Swiss Franc Deposit Rate indicates that one-month Swiss franc LIBOR was artificial and did not reflect the actual rate of interest being offered on Swiss franc deposits during the Class Period.

186. The large spread between Swiss franc LIBOR and the Swiss Franc Deposit Rate displayed in Figures 2 through 4 above indicates that Swiss franc LIBOR was artificial throughout the Class Period, as it did not reflect the actual rate of interest being offered on Swiss franc deposits in the market money. This artificiality was caused by Defendants' manipulative conduct. By making false Swiss franc LIBOR submissions beginning at least as early as 2001, Defendants manipulated Swiss franc LIBOR to artificial levels, at times more than 120 basis points away from the actual rate of interest being offered on Swiss franc deposits. This manipulative conduct caused the prices of Swiss franc LIBOR-based derivatives, which are priced, benchmarked, and/or settled based on Swiss franc LIBOR to be artificial during the Class Period, injuring Plaintiffs and Class members.

B. Defendants Manipulated the Prices of Swiss Franc LIBOR-Based Derivatives to Artificial Levels During the Class Period

187. By manipulating Swiss franc LIBOR, Defendants manipulated the prices of all financial instruments that were priced, benchmarked, and/or settled based on Swiss franc LIBOR to artificial levels during the Class Period.

188. As explained in Part II(B) above, Swiss franc LIBOR-based derivatives are priced, benchmarked, and/or settled based on mathematical formulae. Each formula includes Swiss franc LIBOR as one of its terms. As a result, if Swiss franc LIBOR is manipulated to an artificial level, the output of each pricing formula and thus the price of corresponding derivatives are rendered artificial.

189. Defendants knew of and exploited this mathematical pricing relationship with the specific intent of financially benefiting their own Swiss franc LIBOR-based derivatives positions, including Swiss franc currency futures contract and Swiss franc foreign exchange forwards. In the conversation below, which was previously quoted at ¶ 126, Swiss franc traders

at RBS and unidentified co-conspirator Bank E, discuss the impact that a change in Swiss franc LIBOR will have on the foreign exchange, or “fx,” basis, which is difference between the spot price and future price of Swiss francs as represented by a currency futures contract.¹⁶⁶

April 15, 2008:

Bank E Swiss Franc Trader: you know what i hope[,] that libor 3m is not going up

RBS Swiss Franc Trader: Yes...Should not go up.. Just hang here

Bank E Swiss Franc Trader: ok[,] just weird that zurich put it at 2.77 today¹⁶⁷

RBS Swiss Franc Trader: **So fx basis will go negative if 3m usd ever starts to go down**

Bank E Swiss Franc Trader: you should tell [RBS Primary Submitter][,] if you can[,] the set it at 2.78¹⁶⁸

190. The formula in Figure 1, validates RBS Swiss franc Trader’s statements, demonstrating that Defendants used the same pricing formula and Swiss franc LIBOR to value their Swiss franc currency futures contracts and Swiss franc foreign exchange forward agreements. Applying the formula to a long CME Swiss franc currency futures contract, which is an agreement to buy 125,000 Swiss francs in terms of U.S. Dollars on some future date,¹⁶⁹ Swiss franc LIBOR will be the Base Rate, Rbase, and U.S. Dollars the Term Rate, Rterm, as represented in Figure 1. As Rterm decreases so will the future price of purchasing Swiss francs in terms of U.S. Dollars. Because fx basis is equal to the difference between the future price and the spot price, as the future price decreases with Rterm fx, basis “will go negative,” as stated by RBS Swiss franc Trader, once the future price becomes less than the spot price.

¹⁶⁶ See Understanding FX Futures at 8 (defining foreign exchange basis as the futures price minus the spot price of a currency pair).

¹⁶⁷ UBS’ Swiss franc LIBOR submission on April 15, 2008, was 2.77%.

¹⁶⁸ RBS CFTC Order at 28.

¹⁶⁹ See *Swiss franc Futures Contract Specs*, CME GROUP, http://www.cmegroup.com/trading/fx/g10/swiss-franc_contract_specifications.html.

191. Because of the formulaic relationship between Swiss franc LIBOR and the prices of Swiss franc LIBOR-based derivatives, there is a direct, observable impact on the prices of these financial instruments on days where Defendants manipulated Swiss franc LIBOR. For example, below is a conversation between an RBS Swiss franc Trader and a co-conspirator at unidentified Bank E.

October 21, 2008:

RBS Swiss Franc Trader: we need that libor down fast

Bank E Swiss Franc Trader: yes[,] exactly

RBS Swiss Franc Trader: and [Primary Submitter] says he will set lower¹⁷⁰

192. Figure 5 below shows the three-month Swiss franc LIBOR submissions for all Contributor Bank Defendants between October 10 and October 23, 2008. Figure 5 demonstrates that on October 21, 2008, consistent with RBS Swiss Franc Trader's request to Bank E Swiss Franc Trader that "we need that libor down fast," four Defendants, Deutsche Bank, RBS, Credit Suisse, and JPMorgan, all lower their three-month Swiss franc LIBOR submissions from the previous day, with Credit Suisse, JPM and RBS all moving *to the same level* on October 21, 2008.

¹⁷⁰ RBS CFTC Order at 28.

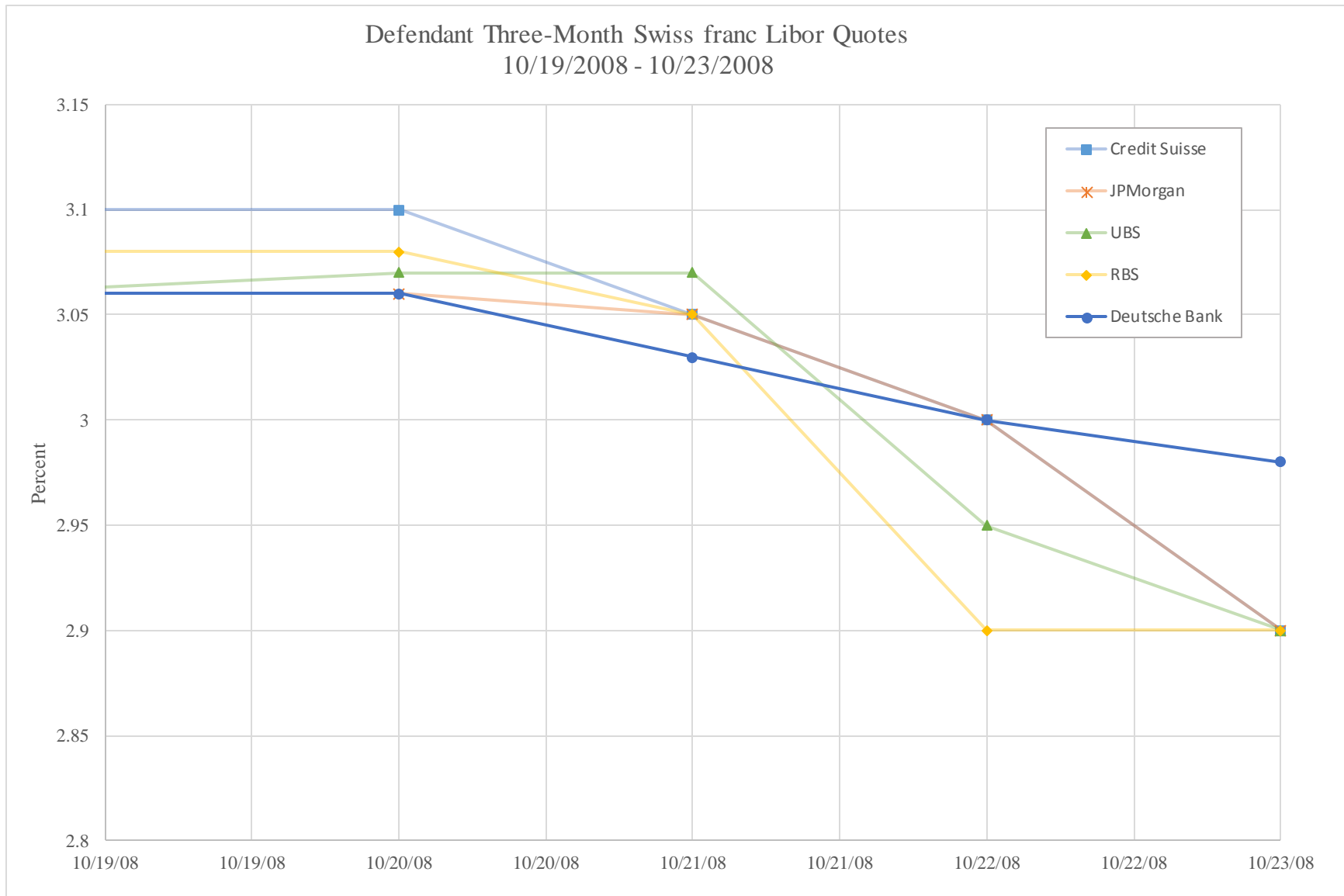
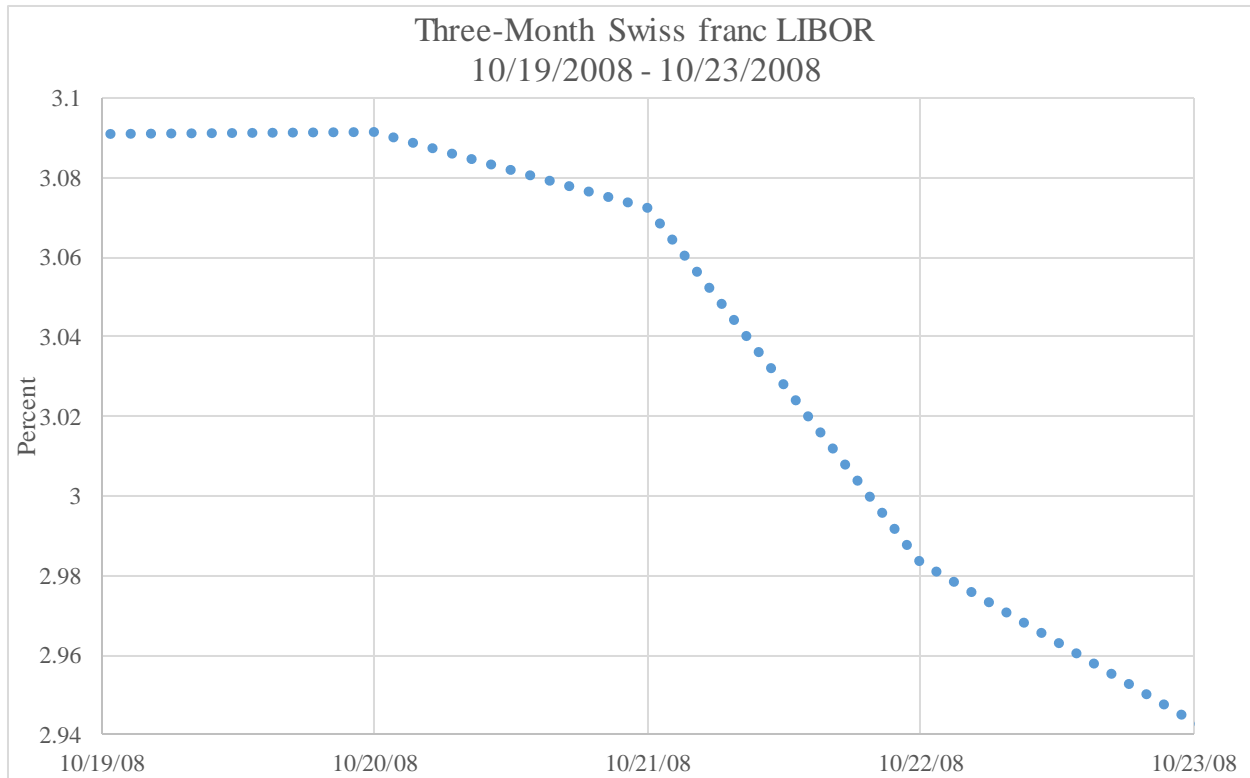
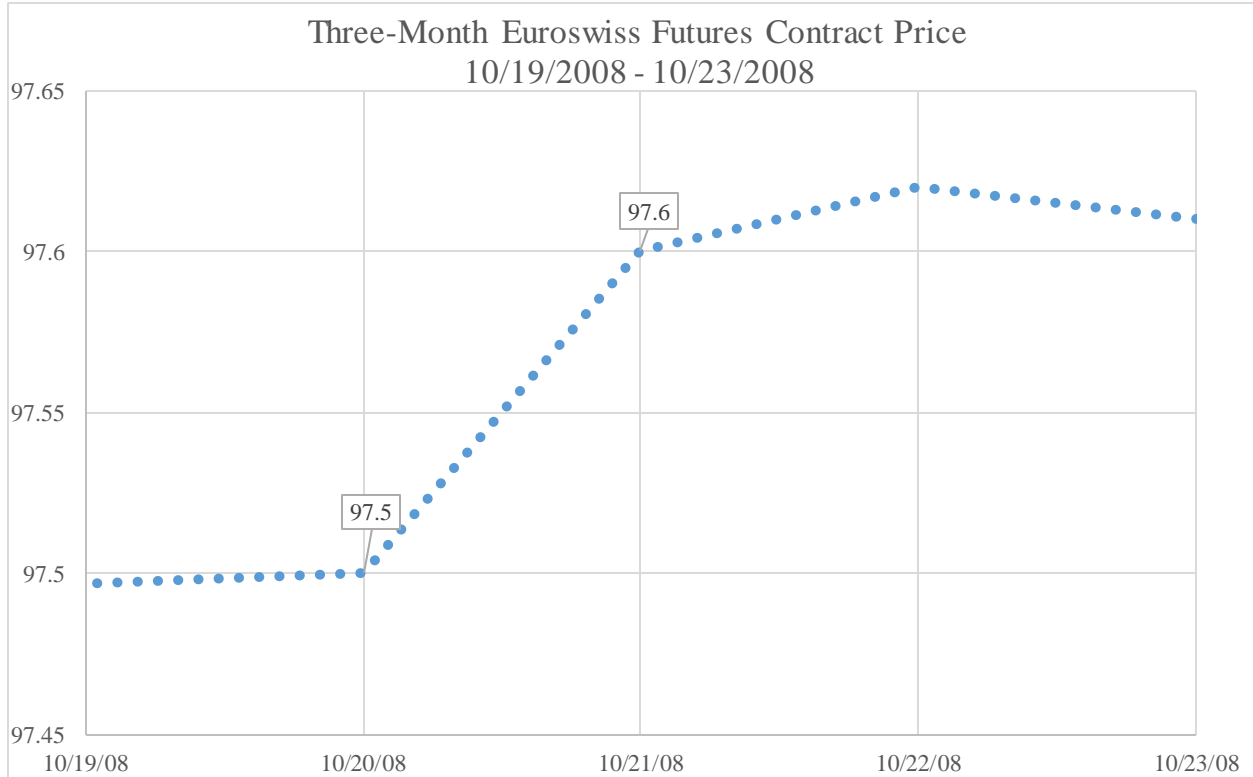


FIGURE 5

**FIGURE 6**

193. By lowering their three-month Swiss franc LIBOR submissions, Defendants' caused three-month Swiss franc LIBOR to be artificially lower. Figure 6 displays three-month Swiss franc LIBOR between October 19 and October 23, 2008. Figure 6 shows that in response to the Defendants' lower three-month Swiss franc LIBOR submissions, three-month Swiss franc LIBOR decreased by almost 2 basis points, from 3.09167% on October 20, 2008, to 3.0725% on October 21, 2008.

**FIGURE 7**

194. This decrease in three-month Swiss franc LIBOR had a direct impact on the prices of Swiss franc LIBOR-based derivatives. Figure 7 displays the daily settlement price of three-month Euro Swiss futures contracts between October 19 and October 23, 2008. The prices of LIFFE three-month Euro Swiss franc futures contracts are determined by the formula 100 minus three-month Swiss franc LIBOR. Consistent with this formula, the prices of three-month Euro Swiss franc futures contracts increased on October 21, 2008, in response to the lower three-month Swiss franc LIBOR.

195. The decrease in three-month Swiss franc LIBOR also impacted the value of other Swiss franc LIBOR-based derivatives, including Swiss franc currency futures contracts and foreign exchange forwards. As explained in ¶ 87 above, the price of a CME Swiss franc currency futures contract represents the cost of buying or selling CHF 125,000 in terms of U.S. Dollars on certain future date. Following the formula in Figure 1, as three-month Swiss franc LIBOR decreases, lowering the Rbase term, the future cost of purchasing Swiss francs should increase.

196. This is exactly the response observed in both the Swiss franc currency futures and Swiss franc foreign exchange forwards markets on October 21, 2008. As the Contributor Bank Defendants lowered their three-month Swiss franc LIBOR submissions, the price of the CME Swiss franc currency futures contract increased from 87.02 on October 20, 2008, to 87.06 on October 21, 2008. Simultaneously, the cost of purchasing one Swiss franc three months in the future, according to actual dealer quotes compiled by Bloomberg L.P., increased from \$1.1473 on October 20, 2008, to \$1.1485, on October 21, 2008. These price changes demonstrate that the Contributor Bank Defendants concerted false reporting of Swiss franc LIBOR on October 21, 2008, directly impacted the prices of both Swiss franc currency futures contracts and Swiss franc foreign exchange forwards.

C. The Conspiracy to Fix the Bid-Ask Spread on the OTC Swiss Franc LIBOR-Based Derivatives, and the Conspiracy to Manipulate Swiss Franc LIBOR Furthered One Another and Worked Together To Injure Competition

197. Each of the foregoing conspiracies rendered artificial the prices of the Swiss franc LIBOR-based derivatives that Plaintiffs transacted in. Each increased the profits of Defendants. Each substantially damaged Plaintiffs and Class Members. Each conditioned the market. Each reduced competition and the quality of services in the markets. Each aided and further the other

in anti-competitively perpetuating artificial prices and otherwise injuring competition in such markets.

V. Plaintiff Transacted in Swiss Franc LIBOR-Based Derivatives at Artificial Prices Proximately Caused by Defendants' Manipulative Conduct

198. While Defendants' manipulative conduct during the Class Period financially benefited their Swiss franc LIBOR-based derivatives positions, given the mathematical nature in which these financial instruments are priced, it caused injury to Plaintiffs and Class members by causing them to pay more or receive less in exchange for Swiss francs LIBOR-based derivatives than they should have in an unmanipulated market.

A. Plaintiff Sonterra

199. Plaintiff Sonterra entered into U.S.-based transactions for Swiss franc LIBOR-based derivatives during the Class Period, including Swiss franc foreign exchange forwards, at artificial prices proximately caused by Defendants' manipulative conduct and suffered legal injury. For example, on January 16, 2009, Sonterra entered into a Swiss franc foreign exchange forward, agreeing to buy CHF 850,035.79 on February 27, 2009, for price of \$950,000.00.

200. Communications released as part of RBS' settlement with the CFTC demonstrate that on the same day Sonterra agreed to buy a Swiss franc foreign exchange forward, Defendants were engaged in manipulating Swiss franc LIBOR:

January 16, 2009:

Swiss franc Trader: high 3m libor pls!!!!!!

Swiss franc Trader: lower 6m libor pls!!!!!!!¹⁷¹

201. As alleged in ¶ 75, demonstrated in Figure 1 above, and acknowledged by RBS in its settlement with the CFTC,¹⁷² Swiss franc foreign exchange forwards are one of several Swiss

¹⁷¹ *Id.* at 26.

franc LIBOR-based derivatives priced based on Swiss franc LIBOR. As a result, Plaintiff Sonterra suffered legal injury when it entered into a Swiss franc foreign exchange forward on January 16, 2009 at an artificial price proximately caused by Defendants' manipulative conduct.

B. FrontPoint Plaintiffs

202. The FrontPoint Plaintiffs engaged in U.S.-based transactions for Swiss franc LIBOR-based derivatives during the Class Period at artificial prices proximately caused by the Defendants' manipulative conduct and suffered legal injury. Many of their transactions occurred directly with one of the Defendants. Collectively, the FrontPoint Plaintiffs entered into hundreds of Swiss franc foreign exchange forwards during the Class Period with Defendants UBS and Credit Suisse. These transactions, which together have a notional value in the billions of dollars, were all priced based on Swiss franc LIBOR.

203. Additionally, more than 100 of these Swiss franc foreign exchange forwards were entered into with UBS between May 1, 2007 and September 30, 2007, the time period during which the EC found that UBS, RBS, Credit Suisse and JPMorgan operated a cartel to fix the prices of Swiss franc LIBOR based derivatives by artificially increasing the bid-ask spread.

204. Because of Defendants' manipulative conduct, the FrontPoint Plaintiffs paid more for or received less than they should have for Swiss franc foreign exchange forwards in an unmanipulated market. For example, on July 5, 2006, FrontPoint Healthcare Enhanced entered into a Swiss franc foreign exchange forward with UBS, agreeing to sell CHF 370,661.00 to UBS for \$303,211.58 on September 20, 2006. FrontPoint Financial Horizons also entered into a Swiss franc foreign exchange forward, agreeing to sell CHF 1,001,990.00 for \$819,994.65 on September 20, 2006.

¹⁷² *Id.* at 6.

205. Communications released as part of UBS' settlements with both the CFTC and DOJ demonstrate that on July 5, 2006, at least UBS was engaged in manipulating Swiss franc LIBOR higher in order to benefit its own Swiss franc LIBOR-based derivatives positions:

July 5, 2006:

Swiss Franc Trader: looking for high 1 month fix

Swiss Franc LIBOR Submitter: no problem, will fix 1 month high¹⁷³

206. UBS Swiss Franc LIBOR submitter complied with this request, increasing UBS' one-month Swiss franc LIBOR submission from 1.42% on July 4, 2006 to 1.43% on July 5, 2006. As a result of this manipulative conduct, on July 5, 2006, one-month Swiss franc LIBOR was fixed artificially higher at 1.42%; both three-month and six-month Swiss franc LIBOR also increased from the previous day.

207. Following the pricing formula in Figure 1, as Swiss franc LIBOR increased on July 5, 2006, the cost of purchasing Swiss francs in terms of U.S. dollars three months forward decreased from 1.21958 on July 4, 2006, to 1.21564 on July 5, 2006. As a result, both FrontPoint Healthcare Enhanced and FrontPoint Financial Horizons were damaged and suffered legal injury when they agreed to sell Swiss francs foreign exchange forwards, including to UBS, on September 20, 2006, at an artificially lower price resulting from Defendants manipulative conduct.

208. Similarly, on October 21, 2008, FrontPoint European entered into a Swiss franc foreign exchange forward with UBS agreeing to buy CHF 141,000.00 from UBS for \$122,141.37 on June 18, 2008.

¹⁷³ See UBS CFTC Order at 38; UBS DOJ Statement of Facts at 31.

209. Communications released as part of RBS' settlement with the CFTC demonstrate that on October 21, 2008, Defendants were engaged in manipulating Swiss franc LIBOR lower to financially benefit their Swiss franc foreign exchange forwards and Swiss franc currency futures positions:

October 21, 2008:

Swiss Franc Trader: we need that libor down fast

Bank E Swiss franc Trader: yes[,] exactly[...]

Swiss Franc Trader: and [Primary Submitter] says he will set lower¹⁷⁴

210. Consistent with the requests of RBS Swiss Franc Trader and his co-conspirator at Bank E for lower LIBORs, RBS lowered its three-month Swiss franc LIBOR submission by 3 basis points from 3.08% on October 20, 2008, to 3.05% on October 21, 2008 and its six-month Swiss franc LIBOR submission by 2 basis points, from 3.15% on October 20, 2008, to 3.13% on October 21, 2008. As demonstrated earlier in Figure 5, Defendants JPMorgan, Deutsche Bank, and Credit Suisse also lowered their submission. In response to this decrease in RBS' Swiss franc LIBOR submissions and those of its co-conspirators, the one-month, three-month, and six-month tenors of Swiss franc LIBOR all decreased from the previous day.

211. This decrease in Swiss franc LIBOR artificially increased the cost for FrontPoint European to purchase Swiss francs foreign exchange forwards from UBS on June 18, 2008. Following the pricing formula in Figure 1, and the decrease in the one-month, three-month, and six-month tenors of Swiss franc LIBOR observed on October 21, 2008, the cost of purchasing Swiss francs in terms of U.S. dollars three months forward increased from 1.14733 on October 20, 2008, to 1.1486 on October, 21, 2008. As a result, FrontPoint European was damaged and

¹⁷⁴ RBS CFTC Order at 28.

suffered legal injury when it agreed to purchase Swiss franc foreign exchange forwards from UBS on June 18, 2008 at an artificially inflated price resulting from Defendants' manipulative conduct.

C. Hunter Plaintiffs

212. The Hunter Plaintiffs engaged in U.S.-based transactions of Swiss franc LIBOR-based derivatives during the Class Period at artificial prices proximately caused by the Defendants' manipulative conduct. For example, on December 13, 2007, several Hunter Plaintiffs entered into Swiss franc foreign exchange forwards to buy Swiss francs on December 17, 2007; Hunter Global I agreed to purchase CHF 1,017,607.00, Hunter Global SRI agreed to purchase CHF 20,675, and Hunter Global Offshore I agreed to purchase CHF 1,766,090.

213. On December 13, 2007, communications revealed in RBS' FSA final notice demonstrate that RBS and at least one other Swiss franc LIBOR panel bank conspired to manipulate Swiss franc LIBOR artificially lower:

December 13, 2007:

External Swiss franc Trader B: make sure you tell your guy to set low LIBOR

RBS Derivatives Trader A: I have told him but not sure how low he will go.¹⁷⁵

214. Consistent with this request, RBS lowered its three-month Swiss franc LIBOR submission by 3 basis points, from 2.81% on December 12, 2007, to 2.78% on December 13, 2007, the largest decrease of all Swiss franc LIBOR panel banks relative to the previous day.¹⁷⁶

215. Following the formula in Figure 1, a decrease in Swiss franc LIBOR, the Base Interest Rate, increases the future cost of purchasing Swiss francs in terms of U.S. dollars. As a

¹⁷⁵ RBS FSA Final Notice at 16-17.

¹⁷⁶ Five banks lowered their Swiss franc LIBOR submissions on December 12, 2007, Defendant RBS, Defendant UBS, Defendant Deutsche Bank, Société Générale and Bank of Tokyo Mitsubishi.

result of Defendants' manipulative conduct, Hunter Global I, Hunter Global SRI, and Hunter Global Offshore I all were damaged and suffered legal injury when they agreed to purchase Swiss franc foreign exchange forwards at an artificially inflated price on December 13, 2007.

D. All Plaintiffs

216. In addition to transacting at artificial prices on the limited number of days for which Defendants' communications have been released to the public, Plaintiffs also were damaged and suffered legal injury on their other Swiss franc LIBOR-based derivatives positions because Defendants' manipulative conduct rendered Swiss franc LIBOR and the prices of Swiss franc LIBOR-based derivatives artificial throughout the entire Class Period.

217. Far from intermittent and episodic, the persistent nature of Defendants' manipulative conduct is well documented in their settlements with government regulators. During the Class Period, RBS coordinated its Swiss franc LIBOR submissions on a near daily basis with an unidentified co-conspirator Swiss franc LIBOR panel Bank "E."¹⁷⁷ JPMorgan operated an illegal cartel with RBS aimed at manipulating Swiss franc LIBOR to "distort the normal course of the pricing of interest rate derivatives denominated in Swiss francs," for at least a year and a half.¹⁷⁸ UBS manipulated its Swiss franc LIBOR submissions "on a regular basis" for years.¹⁷⁹ Deutsche Bank worked to inject a "bias" into the spread between LIBOR tenors¹⁸⁰ at the same time that requests for artificial Swiss franc LIBOR submissions occurred frequently at RBS, as often as several times a week, and impacting multiple tenors of Swiss franc

¹⁷⁷ RBS CFTC Order at 27.

¹⁷⁸ See EC RBS-JPMorgan Cartel Settlement, *supra* note 31.

¹⁷⁹ See UBS CFTC Order at 38; *see also* UBS DOJ Statement of Facts at 30 (indicating that UBS rounded its Swiss franc LIBOR submissions from at least 2001 until at least September 1, 2009, to financially benefit its Swiss franc LIBOR-based derivatives positions).

¹⁸⁰ Deutsche Bank CFTC Order at 9.

LIBOR.¹⁸¹ This occurred while all Defendants formed a cartel to fix the bid-ask spread on Swiss franc LIBOR based derivatives, ensuring that no one else could compete on their terms.¹⁸²

218. Defendants also recognized the persistent, long-term impact of their artificial Swiss franc LIBOR submissions on the prices of Swiss franc LIBOR-based derivatives. For example, on July 5, 2006, UBS Swiss franc Derivatives Trader told UBS Swiss franc Trader-Submitter that he needed an artificially higher one-month Swiss franc LIBOR submission today because he was on the receiving end of a large fixing weeks later *at the end of July*.¹⁸³

Acknowledging that artificial Swiss franc LIBOR submission impact the calculation of Swiss franc LIBOR weeks (if not more) into the future, UBS Swiss franc Trader-Submitter complied with this request, raising UBS' one-month Swiss franc LIBOR submission from 1.42% on July 4, 2006, to 1.43% on July 5, 2006.

219. Defendants' relentless efforts to manipulate and fix both Swiss franc LIBOR and the prices of Swiss franc LIBOR-based derivatives, including fixing the bid-ask spread on OTC Swiss franc LIBOR-based derivatives, combined with the long-term, persistent impact of this conduct, rendered Swiss franc LIBOR and the prices of Swiss franc LIBOR-based derivatives artificial throughout the entire Class Period. As a result, Plaintiffs were damaged and suffered legal injury when they engaged in transactions for Swiss franc LIBOR-based derivatives at artificial prices proximately caused by Defendants' manipulative conduct.

¹⁸¹ RBS CFTC Order at 25-26.

¹⁸² See EC RBS-JPMorgan Cartel Settlement, *supra* note 31.

¹⁸³ See UBS CFTC Order at 38.

TRADE AND COMMERCE

220. Beginning in at least January 1, 2001 and continuing until at least December 31, 2011, Defendants engaged in a continuing contract, conspiracy or combination in restraint of trade in violation of the Sherman Act.

221. During the Class Period, Defendants sold substantial quantities of Swiss franc LIBOR-based derivatives in a continuous and uninterrupted flow in interstate commerce to customers located in states other than the states in which Defendants produced Swiss franc LIBOR-based derivatives.

222. The Defendants' business activities that are subject to this Complaint were within the flow of and substantially affected interstate trade and commerce.

223. During the Class Period, the Defendants' conduct and their co-conspirators conduct occurred in, affected, and foreseeably restrained interstate commerce of the United States.

CLASS ACTION ALLEGATIONS

224. Plaintiffs bring this action pursuant to Rule 23 of the Federal Rules of Civil Procedure on their own behalf and as representative of the following Class:¹⁸⁴

All persons or entities that engaged in U.S.-based transactions in financial instruments that were priced, benchmarked, and/or settled to Swiss franc LIBOR at any time from at least January 1, 2001, through at least December 31, 2011 (the "Class").

Excluded from the Class are Defendants and their employees, agents, affiliates, parents, subsidiaries, and co-conspirators, whether or not named in this complaint, and the United States Government.

¹⁸⁴ Plaintiffs have defined the Class based on currently available information and hereby reserve the right to amend the definition of the Class, including, without limitation, membership criteria and the Class Period.

225. The Class is so numerous that individual joinder of all members is impracticable. While the exact number of Class members is unknown to Plaintiffs at this time, Plaintiffs are informed and believe that at least thousands of geographically dispersed Class members transacted in Swiss franc LIBOR-based derivatives worth trillions of dollars during the Class Period.

226. Plaintiffs' claims are typical of the claims of the other members of the Class. Plaintiffs and the members of the Class sustained damages arising out of Defendants' common course of conduct in violation of law as complained of herein. The injuries and damages of each member of the Class were directly caused by Defendants' wrongful conduct in violation of the laws as alleged herein.

227. Plaintiffs will fairly and adequately protect the interests of the members of the Class. Plaintiffs are adequate representatives of the Class and have no interest which is adverse to the interests of absent Class members. Plaintiffs have retained counsel competent and experienced in class action litigation, including commodities manipulation and antitrust litigation.

228. Common questions of law and fact exist as to all members of the Class, which predominate over any questions affecting solely individual members of the Class. These common questions of law and fact include, without limitation:

- a. Whether Defendants and their co-conspirators engaged in a combination or conspiracy to manipulate Swiss franc LIBOR and the prices of Swiss franc LIBOR-based derivatives in violation of the Sherman Act;
- b. the identity of the participants in the conspiracy.
- c. the duration of the conspiracy;
- d. the character and nature of the acts performed by the Defendants in furtherance of their conspiracy;

- e. whether Defendants unlawful conduct caused injury to the business and property of Plaintiffs and the Class;
- f. whether Defendants were unjustly enriched at the expense of Plaintiffs and the Class;
- g. whether Defendants unlawful acts violate RICO;
- h. whether Defendants' unlawful conduct caused cognizable legal injury under the Commodity Exchange Act; and
- i. the appropriate measure of damages sustained by Plaintiffs and Class members.

229. A class action is superior to other methods for the fair and efficient adjudication of this controversy because joinder of all Class members is impracticable. Treatment of this case as a class action will permit a large number of similarly situated persons to adjudicate their common claims in a single forum simultaneously, efficiently, and without the duplication of effort and expense that numerous individual actions would engender. Class treatment will also permit the adjudication of claims by many Class members who could not afford individually to litigate claims such as those asserted in this Complaint. The cost to the court system of adjudication of such individualized litigation would be substantial. The prosecution of separate actions by individual members of the Class would create a risk of inconsistent or varying adjudications establishing incompatible standards of conduct for the Defendants.

230. Plaintiffs are unaware of any difficulties that are likely to be encountered in the management of this action that would preclude its maintenance as a class action.

EQUITABLE TOLLING AND FRAUDULENT CONCEALMENT

231. The applicable statute of limitations relating to the claims for relief alleged in ¶¶ 235 - 313 herein were tolled because of fraudulent concealment involving both active acts of concealment by Defendants and inherently self-concealing conduct. Plaintiffs disclaim any need

to plead due diligence in order to establish Defendants' fraudulent concealment or equitable tolling. To the extent that any due diligence is required, Plaintiffs acted with due diligence. Among other things, Plaintiffs generally followed public news, the markets, and financial developments.

232. Affirmative acts of concealment by Defendants used to hide their violations of law from Plaintiffs and the Class include, *inter alia* (a) knowingly submitting (or causing to be submitted) Swiss franc LIBOR quotes that were false, misleading, or inaccurate because they were based in whole or in part on impermissible and illegitimate factors, such as which rate would financially benefit Defendants' Swiss franc LIBOR-based derivatives positions and/or the Swiss franc LIBOR-based derivatives positions of their co-conspirators; (b) representing that these submissions were a reliable and truthful assessment of borrowing costs in the inter-bank money market; (c) suppressing documents and information from government regulators during their ongoing investigations into the Defendants Swiss franc LIBOR-related misconduct.

233. Many, if not all, of these affirmative acts of concealment were also inherently self-concealing. Defendants engaged in a form of price fixing, which is inherently self-concealing and could not be detected by Plaintiffs or other members of the Class.¹⁸⁵ The secret nature of Defendants' conspiracy—which relied on non-public methods of communication, including private instant messages, to conceal their agreements to manipulate Swiss franc LIBOR—prevented Plaintiffs from uncovering Defendants' unlawful conduct.¹⁸⁶

¹⁸⁵ See *In re Issuer Plaintiff Initial Pub. Offering Antitrust Litig.*, No. 00 CIV 7804 (LMM), 2004 U.S. Dist. LEXIS 3892, at *4 (S.D.N.Y. Mar. 12, 2004) (recognizing that bid-rigging and price-fixing conspiracies are inherently self-concealing) (citing *State of N.Y. v. Hendrickson Bros., Inc.*, 840 F.2d 1065, 1084 (2d Cir. 1988)).

¹⁸⁶ See *e.g.*, *In re Natural Gas Commodity Litig.*, 337 F. Supp. 2d 498, 514 (S.D.N.Y. 2003) (“[a]mong the principal allegations against Defendants are assertions that they reported false trade data to entities that collect that information for public dissemination. . . Such activities are inherently self-concealing”).

234. As a result, Plaintiffs and the Class had no knowledge of Defendants' unlawful and self-concealing manipulative acts and could not have discovered same by exercise of due diligence prior to the time when there were public disclosures reporting Swiss franc LIBOR manipulation. Plaintiffs thus assert the tolling of the applicable statutes of limitations affecting the rights of the claims for relief asserted by Plaintiffs. Defendants are also equitably estopped from asserting that any otherwise applicable limitations period has run.

CLAIMS FOR RELIEF

FIRST CLAIM FOR RELIEF

(For Violation of Section 1 of the Sherman Act by Colluding to Widen the Bid-Ask Spread for Swiss franc LIBOR-based Derivatives Products)

15 U.S.C. § 1, *et seq.*

Against All Defendants

235. Plaintiffs incorporate by reference and re-allege the preceding allegations, as though fully set forth herein.

236. Defendants competed among themselves and others in the market for Swiss franc-based derivatives. However, during the Class Period, the Defendants replaced the competitive prices determined by normal forces of supply and demand with an agreement, combination and conspiracy to fix the prices of Swiss franc LIBOR-based derivatives. Defendants agreed among themselves to fix prices of Swiss franc-LIBOR based derivative counterparties by agreeing keep the spread between bids (offers to buy) and asks (offers to sell) supracompetitively wide.

237. During the Class Period, Defendants and their unnamed co-conspirators entered into and engaged in a combination and conspiracy in an unreasonable and unlawful restraint of trade to fix the prices of Swiss franc-based derivatives in violation of Section 1 of the Sherman Act, 15 U.S.C. § 1, *et seq.*

238. Such contracts, combination and conspiracy included a continuing agreement, understanding or concerted action between and among Defendants and their co-conspirators in furtherance of which Defendants fixed, maintained or made artificial the prices of Swiss franc LIBOR-based derivatives. Defendants' price-fixing conspiracy is a *per se* violation of the federal antitrust laws and are, in any event, unreasonable and unlawful restraints of trade.

239. Defendants' conspiracy and resulting impact on the prices of Swiss franc LIBOR-based derivatives occurred in and had direct, substantial and reasonably foreseeable effects on U.S. interstate commerce. Defendants' conspiracy overcharged U.S.-based counterparties on each Swiss franc LIBOR-based derivative transaction they entered into with these counterparties at the moment these transactions were consummated. No third party or other intervening circumstance stood between Defendants' collusion and the resulting impact on Swiss franc LIBOR-based derivative counterparties' overcharge resulting therefrom.

240. The Defendant Swiss franc LIBOR-based derivative dealers were supposed to be horizontal competitors in the market for Swiss franc LIBOR-based derivative offerings. Instead of competing with one another for counterparty business by offering competitive spreads, Defendants supplanted competition with collusion by agreeing not to compete with one another beyond a certain "bid-ask" spread. The collusion directly interfered with the salutary and price-reducing effects of the marketplace.

241. This price fixing scheme was complete at the moment of agreement to quote wide spreads; the offense was committed in the Swiss franc LIBOR-based derivatives market and was not dependent upon these same Defendants' additional scheme to collusively misrepresent Swiss franc LIBOR. In essence, the "bid-ask" collusion was designed to, and did, rob counterparties of money upon entering into a Swiss franc LIBOR-based derivatives transaction while the

misreporting collusion outlined in Count II, herein, was designed to, and did, rob these same counterparties of money upon reset or exit of these positions. In this way, Defendants committed two antitrust violations – one on the way in (Count I) and one on the way out (Count II). Both schemes related to the same overarching conspiracy to charge supracompetitive prices to Swiss franc LIBOR-based derivatives counterparties.

242. As a proximate result of Defendants' unlawful conduct, Plaintiffs and members of the Class have suffered injury to their business or property. Without limiting the generality of the foregoing, Plaintiffs and members of the Class paid artificial and non-competitive prices for Swiss franc LIBOR-based derivatives as a proximate result of Defendants' anticompetitive conduct. Plaintiffs and the other members of the Class were also deprived of the benefits of free and open competition in transacting in Swiss franc LIBOR-based derivatives.

243. Plaintiffs and members of the Class are each entitled to treble damages for the Defendants' violations of the Sherman Act alleged herein, and a permanent injunction restraining Defendants from engaging in additional anticompetitive conduct.

SECOND CLAIM FOR RELIEF

(Conspiracy to Restrain Trade in Violation of § 1 of the Sherman Act)

15 U.S.C. § 1, *et seq.*

Against All Defendants

244. Plaintiffs incorporate by reference and re-allege the preceding allegations, as though fully set forth herein.

245. Defendants and their unnamed co-conspirators entered into and engaged in a contract, combination, or conspiracy in unreasonable and unlawful restraint of trade in violation of § 1 of the Sherman Act, 15 U.S.C. § 1, *et seq.*

246. During the Class Period, Defendants entered into a series of agreements in violation of § 1 designed to create profit, or limit liabilities amongst themselves, by coordinating their manipulation of the prices and settlement value of Swiss franc LIBOR and Swiss franc LIBOR-based derivatives, coordinating their submissions to the BBA, and engaging in other activities designed to artificially suppress, inflate, maintain, or otherwise alter Swiss franc LIBOR.

247. This conspiracy to manipulate the prices of Swiss franc LIBOR-based derivatives caused injury to Plaintiffs and members of the Class because they were deprived of the benefit of a legitimate and accurate Swiss franc LIBOR that reflected actual market conditions. Plaintiffs and members of the Class also were deprived of the ability to accurately price Swiss franc LIBOR-based derivatives entered into during the Class Period and to accurately determine the settlement value of Swiss franc currency forward agreements and other Swiss franc LIBOR-based derivatives by reference to an accurate Swiss franc LIBOR. Plaintiffs and members of the Class received, during the term of their transactions and upon settlement, less in value than they would have received absent Defendants' conspiracy and overt acts taken in furtherance thereof.

248. Defendants' conspiracy and agreements constitute a *per se* violation of § 1 of the Sherman Act. Alternatively, the conspiracy resulted in substantial anticompetitive effects in various markets, including the over-the-counter and exchange traded Swiss franc LIBOR-based derivatives markets. There is no legitimate business justification for, or pro-competitive benefits caused by, Defendants' conspiracy and overt acts taken in furtherance thereof. Any ostensible procompetitive benefits are pretextual or could have been achieved by less restrictive means.

249. As a direct, material, and proximate result of Defendants' violation of § 1 of the Sherman Act, Plaintiff and the Class have suffered injury to their business and property, within the meaning of § 4 of the Clayton Act, throughout the Class Period.

250. Plaintiffs and members of the Class seek treble damages for Defendants' violations of § 1 of the Sherman Act under § 4 of the Clayton Act.

251. Plaintiffs and members of the Class also seek an injunction against Defendants, preventing and restraining the violations alleged above, under § 16 of the Clayton Act.

THIRD CLAIM FOR RELIEF

(Manipulation in Violation of the Commodity Exchange Act)

7 U.S.C. §§ 1, *et seq.*

Against All Defendants

252. Plaintiffs incorporate by reference and re-allege the preceding allegations, as though fully set forth herein.

253. Each Defendant is liable under §§ 6(c), 9, and 22 of the CEA, codified at 7 U.S.C. §§ 9, 13, and 25 respectively, as well as CFTC Rules 180.1 and 180.2, for the manipulation of Swiss franc LIBOR and the prices of Swiss franc LIBOR-based derivatives that were priced, benchmarked, and/or settled based on Swiss franc LIBOR.

254. Defendants had the ability to manipulate Swiss franc LIBOR and Swiss franc LIBOR-based derivatives. Defendants, through the instrumentalities of interstate commerce, knowingly submitted or caused to be submitted artificial rate quotes to the BBA. These submissions were used to determine the official published Swiss franc LIBOR. By virtue of the Swiss franc LIBOR methodology, the Defendants had the ability to influence and affect the rates that would become the official Swiss franc LIBOR fix. Further, because of their market power as major dealers of Swiss franc LIBOR-based derivatives, the Defendants had the ability to

influence the actual prices of Swiss franc LIBOR-based derivatives through manipulative trading strategies.

255. Plaintiffs disclaim the need to plead specific intent. Plaintiffs allege that Defendants agreed knowingly to cause false Swiss franc LIBOR rates and prices to be issue, and that this satisfies scienter for the purposes of this claim. To the extent that more is required, Plaintiffs allege as follows. As evidenced by communications revealed to the DOJ, CFTC, and FSA, and additional facts disclosed by the EC, the Defendants fully, intentionally, and systematically manipulated Swiss franc LIBOR and Swiss franc LIBOR-based derivatives prices to artificial levels for the express purpose of obtaining hundreds of millions (if not billions) of dollars in illegitimate profits on Swiss franc LIBOR-based derivatives held by themselves or other co-conspirators, the prices of which (and thus profits or losses) were priced, benchmarked, and/or settled based on Swiss franc LIBOR. As is specifically intended and direct consequence of Defendants' knowingly unlawful conduct, the prices of Plaintiffs' Swiss franc LIBOR-based derivatives, and those traded by Class members, were manipulated to artificial levels by Defendants.

256. During the Class Period, Swiss franc LIBOR and the prices of derivatives that were priced, benchmarked, and/or settled based on Swiss franc LIBOR were artificial and did not result from legitimate market information, competition, or supply and demand factors. Defendants directly caused artificial Swiss franc LIBOR and artificial prices of Swiss franc LIBOR-based derivatives by, *inter alia*, executing manipulative trades among themselves, quoting artificial bid and ask prices for Swiss franc LIBOR-based derivatives, and submitting artificial Swiss franc LIBOR quotes to the BBA.

257. As a direct result of Defendants' unlawful conduct, Plaintiffs and members of the Class suffered actual damages and injury in fact due to artificial Swiss franc LIBOR and prices of derivatives that were priced, benchmarked, and/or settled to Swiss franc LIBOR.

FOURTH CLAIM FOR RELIEF

(Principal-Agent Liability in Violation of § 2 of the Commodity Exchange Act)

Against All Defendants

258. Plaintiffs incorporate by reference and re-allege the preceding allegations, as though fully set forth herein.

259. Each Defendant is liable under § 2(a)(1)(B) of the CEA, 7 U.S.C. § 2(a)(1)(B), for the manipulative acts of its agents, representatives, and/or other persons acting for it in the scope of their employment.

260. Plaintiffs and members of the Class seek the actual damages they sustained in Swiss franc LIBOR-based derivatives for the violations of the CEA alleged herein.

FIFTH CLAIM FOR RELIEF

(Aiding and Abetting Liability in Violation of § 22 of the Commodity Exchange Act)

Against All Defendants

261. Plaintiffs incorporate by reference and re-allege the preceding allegations, as though fully set forth herein.

262. Defendants knowingly aided, abetted, counseled, induced, and/or procured the violations of the CEA alleged herein. Defendants did so knowing of each other's manipulation of Swiss franc LIBOR and willfully intended to assist these manipulations, which resulted in artificial Swiss franc LIBOR-based derivatives prices during the Class Period in violation of § 22(a)(1) of the CEA, 7 U.S.C. § 25(a)(1).

263. Plaintiffs and members of the Class seek the actual damages they sustained in Swiss franc LIBOR-based derivatives for the violations of the CEA alleged herein.

SIXTH CLAIM FOR RELIEF

(Violation of the Racketeer Influenced and Corrupt Organizations Act)

18 U.S.C. §§ 1961 *et seq.*

Against All Defendants

264. Plaintiffs incorporate by reference and re-allege the preceding allegations, as though fully set forth herein.

A. Defendants Engaged in Conduct Actionable Under RICO

265. 18 U.S.C. §1962(c) makes it illegal for “any person employed by or associated with any enterprise engaged in, or the activities which affect, interstate or foreign commerce, to conduct or participate, directly or indirectly, in the conduct of such enterprise’s affairs through a pattern of racketeering activity or collection of unlawful debt.”

266. 18 U.S.C. § 1962 (d), in turn, makes it “unlawful for any person to conspire to violate any provision of subsection (a), (b), or (c) of this section.”

267. Under 18 U.S.C. §1961 (1) , and as applicable to Section 1962, “racketeering activity” means (among other things) acts indictable under certain sections of Title 18, including 18 U.S.C. §1343 (relating to wire fraud).

268. 18 U.S.C. §1961(5) provides that, to constitute a “pattern of racketeering activity” conduct “requires at least two acts of racketeering activity, one of which occurred after the effective date of this chapter and the last of which occurred within ten years (excluding any period of imprisonment) after the commission of a prior act of racketeering activity.”

269. 18 U.S.C. § 1961(3) defines “person” as “any individual or entity capable of holding a legal or beneficial interest in property,” and 18 U.S.C. §1961(4) defines “enterprise” as “any individual, partnership, corporation, association, or legal entity, and any union or group of individuals associated in fact although not a legal entity.”

270. 18 U.S.C. § 1343, the wire fraud statute listed in 18 U.S.C. §1961(1) as RICO predicate act, provides that “[w]hoever, having devised or intending to devise any scheme or artifice to defraud, or for obtaining money or property by means of false or fraudulent pretenses, representations, or promises, transmits or causes to be transmitted by means of wire, radio, or television communication in interstate or foreign commerce, any writings, signs, signals, pictures, or sounds for the purpose of executing such scheme or artifice, shall be fined under this title or imprisoned not more than 20 years, or both.”

271. At all relevant times, an association-in-fact consisting of Defendants, Defendants’ employees and agents, who conducted Defendants’ affairs through illegal acts including the transmission of false Swiss franc LIBOR submissions or directing other employees and agents to intentionally manipulate Swiss franc LIBOR rates by wire communications, and the BBA were an “enterprise” within the meaning of 18 U.S.C. § 1961(4).

272. At all relevant times, Defendants were “person[s] within the meaning of 18 U.S.C. §1961(3).

B. Defendants Conducted the Affairs of a RICO Enterprise

273. Defendants’ association-in-fact, through their frequent and routine communications with each other, their organization of a hub-and-spoke conspiracy through interdealer brokers, association with the BBA, and participation together as members in the Swiss franc LIBOR panel, constitute a RICO enterprise. Defendants conducted the affairs of the enterprise through a pattern of racketeering activity by transmitting or causing to be transmitted

false and artificial Swiss franc LIBOR submissions throughout the Class Period. Within the United States, Defendants would on a regular basis communicate through the mails or interstate commerce by telegraph, telephone, wireless, or other means of communication false or misleading or knowingly inaccurate reports concerning market information or conditions that affect or tend to affect the price of any commodity in interstate commerce. Further, on a daily basis, Defendants caused the enterprise to transmit an electronic spreadsheet to Thomson Reuters. Through their collusive activities in reporting Swiss franc LIBOR submissions and the daily transmission of an electronic spreadsheet setting forth those submissions, Defendants conducted the affairs of the enterprise through a pattern of racketeering activity, knowingly transmitting or causing to be transmitted false LIBOR submissions.

- a. Defendants UBS and Deutsche Bank have both plead guilty to felony wire fraud and admitted their role in manipulating the LIBOR; and
- b. as alleged above, all Defendants engaged in the same or substantively the same behavior as the already guilty parties.

274. Defendants completed all elements of wire fraud within the United States or while crossing United States borders. Defendants did so by conducting the affairs of the enterprise through a pattern of racketeering activity, including by: (i) transmitting or causing to be transmitted false and artificial Swiss franc LIBOR quotes in the U.S. or while crossing U.S. borders through electronic servers located in the United States; (ii) transmitting or causing to be transmitted false and artificial Swiss franc LIBOR quotes that were relied on by Thomson Reuters and the BBA in collecting, calculating, publishing and/or disseminating the daily Swiss franc LIBOR submissions of each Defendant and the daily Swiss franc LIBOR fix that was transmitted, published and disseminated in the United States or while crossing U.S. borders

through electronic servers located in the United States; (iii) coordinating their daily Swiss franc LIBOR submissions and their Swiss franc LIBOR based derivatives trading positions in electronic chats routed through electronic servers located in the United States; (iv) sending trade confirmations based on manipulated LIBOR rates to counterparties in the United States; and (v) executing sham transactions, including wash trades, through inter-dealer brokers. In total, this conduct constituted hundreds of predicate acts of wire fraud.

275. It is clear that even though the BBA may be a foreign entity, the elements of the wire fraud were completed in the United States. This is evidenced by many phone conversations, electronic chats, electronic mail made from the Defendants in the United States; false wire submissions to Thomson Reuters in New York; and various agreements between the CME and BBA.

276. The CFTC has already concluded that Defendants Deutsche Bank, through its submitters and traders, some of whom were located in New York, routinely made false submissions for Swiss franc LIBOR. They did so by acting “knowingly to deliver or cause to be delivered for transmission through the mails or interstate commerce by telegraph, telephone, wireless, or other means of communication false or misleading or knowingly inaccurate reports concerning crop or market information or conditions that affect or tend to affect the price of any commodity in interstate commerce”¹⁸⁷

277. In addition to phone conversations, the CFTC found that Defendant Deutsche Bank employees would routinely communicate using Bloomberg chat terminals and in internal Deutsche Bank electronic messaging system to discuss and receive preferential Swiss franc Libor

¹⁸⁷ Deutsche Bank CFTC Order at 36 (*quoting* 7 U.S.C. § 13(a)(2) (2006)).

requests.¹⁸⁸ As demonstrated above, other Defendants, including at least UBS, RBS, BlueCrest and JPMorgan, also used electronic Bloomberg chats to communicate information regarding their trading positions and to coordinate their false Swiss franc LIBOR submissions during the Class Period.

278. Further the Defendants, through the BBA, made agreements with the CME, in the United States, which helped them to further their illegal acts. To increase interest in Swiss franc futures contracts, the Chicago-based CME proposed that the BBA allow them to use the BBA's LIBOR calculation as the basis for the Futures contracts amounts. Since 2005, New York-based Thomson Reuters has been the BBA's agent for determining and distributing LIBOR. This change was approved by the CFTC and trading, both in the exchange's Chicago trading pits and through the CME's Globex electronic exchange,¹⁸⁹ encouraged the exponential global growth of trading in Swiss franc futures contracts.

279. For example, the CME's agreement with the BBA permitted the Exchange to use BBA LIBOR as the basis for settling Swiss franc futures contracts and to refer to BBA LIBOR in connection with creating, marketing, trading, clearing, settling and promoting Swiss franc futures contracts.¹⁹⁰

280. Defendants, who were part of the BBA Swiss franc LIBOR panel, knew that the BBA benefited financially from this relationship with the CME. This contract between the BBA

¹⁸⁸ *Id.* at 8.

¹⁸⁹ CME RULEBOOK, Chapters 254 and 254(a) (Chicago Mercantile Exchange, Inc.), available at <http://www.cmegroup.com/rulebook/CME/III/250/254/254.pdf>.

¹⁹⁰ *CME 2012 Annual Report*, at 8 ("We currently have a licensing and membership agreement with BBA Enterprises Limited and the British Bankers' Association (collectively, BBA) for the use of LIBOR to settle several of our interest rate products, including our Eurodollar contract. For the license, we paid an upfront fee and pay an annual fee. Based on the ongoing review of LIBOR, we expect LIBOR to be reformed rather than replaced and to continue as a regulated benchmark. Depending upon the outcome of the reform efforts, we may need to enter into a new license agreement with BBA or the organization appointed to administer the benchmark").

and CME for LIBOR rates, a contract in interstate commerce, underscores the strength of the causal connection between the pricing of LIBOR and the pricing of Swiss franc futures, the largest futures contract in the world, and shows that Defendants knew that their manipulation of LIBOR rates would manipulate Swiss franc futures in turn.

281. The licensing of LIBOR by the BBA to the CME also constitutes a contract for LIBOR in interstate commerce.

282. By transmitting or causing false and artificial Swiss franc LIBOR submissions to be transmitted electronically to Thomson Reuters and the BBA, and by exchanging Swiss franc LIBOR-based derivative positions and prices, Defendants conducted the affairs of an enterprise through a pattern of racketeering activity which artificially fixed and affected the prices of Swiss franc LIBOR based derivatives, directly resulting in Defendants reaping hundreds of millions, if not billions, in illicit trading profits on their Swiss franc LIBOR based derivative positions. By conducting the affairs of the enterprise through a pattern of racketeering activity, including the use of electronic communication to affect the values of futures contracts, such as the Swiss franc Futures Contracts, traded in Chicago, for the purpose of defrauding innocent counterparties with whom Defendants traded.

C. Defendants Have Conducted the Affairs of an Enterprise Through a Pattern of Racketeering Activity

283. Defendants each committed far more than two predicate acts of wire fraud. As alleged in detail herein, Defendants engaged in at least the following predicate acts of wire fraud:

- a. electronic chats between U.S.-based money-markets traders and Swiss franc LIBOR submitters;
- b. telephone communications between United States based money-market traders;

- c. subsequent Swiss franc LIBOR submission from the defendant to Thomson Reuters;
- d. subsequent publication of a Swiss franc LIBOR rate through international and interstate wires; and
- e. sending by electronic means (e-mail, message, telephonic, facsimile) trade confirmations based on manipulated, false, and artificial LIBOR rates to counterparties in the United States.

284. The conduct of every party involved in the scheme is not an isolated occurrence. The pattern of racketeering activity herein alleged involved not isolated occurrences but constituted related acts which amounted to a threat of continued criminal activity throughout the Class Period. Each Defendant shared a common purpose in increasing their profits from trading in instruments priced from Swiss franc LIBOR, and also had a common method of conducting the affairs of the enterprise through a pattern of racketeering activity through use of the wires in transmitting false Swiss franc LIBOR reports and placing trades in conformity therewith.

285. Defendants acted in a uniform way to conduct the affairs of the enterprise through daily submission and electronic communication of their collusive and artificial Swiss franc LIBOR submissions to the BBA and Thomson Reuters following uniform procedures used in virtually an identical way every day. As alleged herein, the predicate acts had a closed-ended continuity involving a closed period of repeated conduct in colluding to set Swiss franc LIBORs, reporting the false Swiss franc LIBORs, and trading to benefit therefrom, throughout the Class Period.

D. The Pattern of Racketeering Activity Was Directed to, and Did Affect, Interstate Commerce

286. Through the racketeering scheme described above, Defendants conducted the affairs of the enterprise through a pattern of activity to illegally increase their profits to the detriment of investors in Swiss franc LIBOR based derivatives residing throughout the United States, and/or transacting in Swiss franc LIBOR based derivatives within the United States.

287. Plaintiffs' allegations herein arise out of, and are based on, Defendants' use of the Internet and/or the wires across state lines as well as agreements between entities in different states to manipulate Swiss franc LIBOR and the price of Swiss franc LIBOR-based derivatives. Using those interstate channels to coordinate the scheme and transmit fraudulent statements to Plaintiffs across state lines satisfies RICO's requirement of an effect on interstate commerce. Defendants' racketeering acts had a direct effect on interstate commerce.

288. The predicate acts affected and made artificial the price of futures contracts which were traded on the CME. These contracts are traded in an open outcry form in Chicago and also electronically on the CME's GLOBEX platform.

289. The primary purpose of Defendants' racketeering activity was to benefit the Defendants' derivative trading positions, including the positions in their United States entities.

E. Plaintiffs Suffered Injury Proximately Caused By the Pattern of Racketeering Activity

290. As alleged herein, Plaintiffs and members of the Class are direct victims of Defendants' wrongful and unlawful conduct. Plaintiffs' and the Class' injuries were the direct, proximate, foreseeable, and natural consequences of Defendants' conspiracy; indeed depriving Plaintiffs and the Class of their money relative to their Swiss franc LIBOR-based derivatives contracts was the very purpose of the Defendants' scheme.

291. Plaintiffs and members of the Class seek treble damages for the injuries they have sustained, as well as restitution, cost of suit, and reasonable attorneys' fees in accordance with 18 U.S.C. § 1964(c).

292. As a direct and proximate result of the subject racketeering activities, Plaintiffs and members of the Class seek an order, in accordance with 18 U.S.C. § 1964(a), enjoining and prohibiting Defendants from further engaging in their unlawful conduct.

SEVENTH CLAIM FOR RELIEF

(Violation of the Racketeer Influenced and Corrupt Organizations Act)

18 U.S.C. §§ 1961 *et seq.*

Against All Defendants

293. Plaintiffs incorporate by reference and re-allege the preceding allegations, as though fully set forth herein.

294. In addition to conducting the affairs of the enterprise through a pattern of racketeering activity, Defendants conspired to violate RICO in violation of 18 U.S.C. § 1962(d).

295. Defendants organized and implemented the scheme alleged herein, which required their agreement to report their borrowing rates falsely and to benefit their trading positions, and ensured that it continued uninterrupted, by concealing their violations and the prices of Swiss franc LIBOR-based derivatives from Plaintiffs and the Class.

296. Defendants knew and intended that their racketeering acts would injure participants in the Swiss franc LIBOR-based derivatives market, yet each Defendant remained a participant despite the racketeering nature of their conduct. At any point while the scheme had been in place, any of the participants could have ended the scheme by abandoning the conspiracy and notifying the public and law enforcement authorities of its existence. Rather than stopping

the scheme, however, the Defendant chose to continue it, to the direct detriment of Swiss franc LIBOR-based derivatives investors such as Plaintiffs and members of the Class.

297. As alleged herein, Plaintiffs and members of the Class are direct victims of Defendants' wrongful and unlawful conduct. Plaintiffs' and the Class' injuries to their property were direct, proximate, foreseeable, and natural consequences of Defendants' conspiracy; indeed, such effects were precisely the reason why the scheme was concocted.

298. Plaintiffs and members of the Class are entitled to recover treble the damages they have sustained, according to proof, as well as restitution and costs of suit and reasonable attorneys' fees in accordance with 18 U.S.C. § 1964(c).

299. As a direct and proximate result of the racketeering activities alleged herein, Plaintiffs and members of the Class are entitled to an Order, in accordance with 18 U.S.C. § 1964(a), enjoining and prohibiting Defendants from further engaging in their unlawful conduct.

EIGHTH CLAIM FOR RELIEF

(Unjust Enrichment in Violation of Common Law)

Against Defendants Credit Suisse and UBS

300. Plaintiffs incorporate by reference and re-allege the preceding allegations, as though fully set forth herein.

301. To the extent required, this claim is pled in the alternative to Plaintiffs' Ninth Claim for Relief under FED. R. CIV. P. 8(d).

302. Defendants and members of the Class, including Plaintiffs, entered into Swiss franc LIBOR-based derivatives transactions. These transactions were either directly priced, benchmarked, and/or settled based on Swiss franc LIBOR, which was supposed to reflect actual market conditions. Rather than competing honestly and aggressively with each other,

Defendants colluded to manipulate Swiss franc LIBOR and the prices of Swiss franc LIBOR-based derivatives to ensure they had an unfair advantage in the marketplace.

303. Defendants financially benefited from their unlawful acts described herein, including but not limited to, coordinating the manipulation of Swiss franc LIBOR by taking advantage of the BBA submission process, manipulating the bid-ask spread quoted on Swiss franc LIBOR-based derivatives, and/or other activities designed to artificially suppress, inflate, maintain, or otherwise alter Swiss franc LIBOR and the prices of Swiss franc LIBOR-based derivatives. These unlawful and inequitable acts caused Plaintiffs and Class members to suffer injury, lose money, and otherwise be deprived of the benefit of accurate Swiss franc LIBOR reflecting actual market conditions, as well as the ability to accurately price, benchmark, and/or settle Swiss franc LIBOR-based derivatives transactions. As a result, Plaintiffs and Class members received, upon execution or settlement of their trades, less in value than they would have received absent Defendants' wrongful conduct. Plaintiffs and the Class' losses correspond to Defendants' unlawful gains.

304. Plaintiff FrontPoint transacted Swiss franc LIBOR-based derivatives during the Class Period directly with Defendants Credit Suisse and UBS.

305. It is unjust and inequitable for Defendants (and/or their subsidiaries or affiliates) to have enriched themselves in this manner at the expense of Plaintiff FrontPoint and similarly situated members of the Class, and the circumstances are such that equity and good conscience require the Defendants to make restitution.

306. Because of the acts of Defendants and their co-conspirators as alleged herein, Defendants have been unjustly enriched at the expense of Plaintiffs and members of the Class.

307. Plaintiffs and members of the Class seek restoration of the monies of which they were unfairly and improperly deprived as described herein.

NINTH CLAIM FOR RELIEF

(Breach of the Implied Covenant of Good Faith and Fair Dealing)

Against Defendants Credit Suisse and UBS

308. Plaintiffs hereby incorporate each preceding and succeeding paragraph as though fully set forth herein.

309. To the extent required, this claim is pled in the alternative to Plaintiffs' Eighth Claim for Relief under FED. R. CIV. P. 8(d).

310. Plaintiff FrontPoint entered into binding and enforceable Swiss franc LIBOR-based derivatives contracts ("contracts") with Defendants Credit Suisse and UBS. For example, FrontPoint entered into over 400 Swiss franc currency forwards with Credit Suisse and over 1,300 Swiss franc currency forwards with UBS.

311. Each of the contracts includes an implied covenant of good faith and fair dealing, requiring each contracting party to act in good faith and deal fairly with the other, and not take any action which will have the effect of destroying or injuring the right of the other party to receive the fruits of the contract.

312. Defendants Credit Suisse and UBS breached this duty and, without reasonable basis and with improper motive, acted in bad faith by, among other things: (i) intentionally submitting false and artificial Swiss-franc LIBOR submissions to Thomson Reuters for the express purpose of obtaining ill-gotten profits from their Swiss franc LIBOR-based derivatives positions; (ii) disseminating false market information; and (iii) colluding directly with employees at other Contributor Banks, either directly or through brokers, to manipulate Swiss franc LIBOR and the prices of Swiss franc LIBOR-based derivatives.

313. As a direct and proximate cause of Defendants' breach of the implied covenant of good faith and fair dealing and of Defendants' frustration of the purposes of these contracts, Plaintiff FrontPoint, and similarly situated members of the Class, have been damaged as alleged herein in an amount to be proven at trial.

PRAYER FOR RELIEF

Plaintiffs demands relief as follows:

A. That the Court certify this lawsuit as a class action under Rule 23 of the Federal Rules of Civil Procedure, that Plaintiffs be designated as class representatives, and that Plaintiffs' counsel be appointed as Class counsel for the Class;

B. That the unlawful conduct alleged herein be adjudged and decreed to violate § 1 of the Sherman Act, 15 U.S.C. § 1;

C. That Defendants be permanently enjoined and restrained from continuing and maintaining the conspiracy alleged in the Complaint under § 16 of the Clayton Antitrust Act, 15 U.S.C. § 26;

D. That the Court award Plaintiffs and the Class damages against Defendants for their violation of federal antitrust laws, in an amount to be trebled under § 4 of the Clayton Antitrust Act, 15 U.S.C. § 15, plus interest;

E. That the unlawful conduct alleged here in be adjudged and decreed to be an unlawful enterprise in violation of RICO;

F. For a judgment awarding Plaintiffs and the Class damages against Defendants for their violation of RICO, in an amount to be trebled in accordance with such laws;

G. That the Court award Plaintiffs and the Class damages against Defendants for their violations of the Commodity Exchange Act;

H. That the Court order Defendants to disgorge their ill-gotten gains from which a constructive trust be established for restitution to Plaintiffs and members of the Class;

I. That the Court award Plaintiffs and the Class their costs of suit, including reasonable attorneys' fees and expenses, including expert fees, as provided by law;

J. That the Court award Plaintiffs and the Class prejudgment interest at the maximum rate allowable by law; and

K. That the Court direct such further relief as it may deem just and proper.

DEMAND FOR JURY TRIAL

Pursuant to Rule 38(b) of the Federal Rules of Civil Procedure, Plaintiffs demand a jury trial as to all issues triable by a jury.

Dated: June 19, 2015
White Plains, New York

Respectfully submitted,

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APPENDIX A

Sonterra Capital Master Fund Ltd. v. Credit Suisse Group AG et al., Docket No. 15-cv-0871 (SHS)**CHRONOLOGICAL APPENDIX OF SWISS FRANC LIBOR INSTANT MESSAGES, EMAILS AND OTHER COMMUNICATIONS REVEALED IN DEFENDANTS' GOVERNMENT SETTLEMENTS**

DATE	STATEMENT	DEFENDANTS IDENTIFIED	SOURCE
February 2005	<u>UBS Swiss Franc LIBOR Submitter</u> : [I]ts our natural right to reflect our interest in the libor fixing process based on our maturity schedule. Any other bank will do the same. In the case we overdo, we will fall off the fixing process anyway.	UBS	UBS DOJ Statement of Facts at 31.
February 10, 2005	<u>BlueCrest Capital Employee</u> (To Deutsche Bank director): Can't you ask your ftt to contribute 1m chf libor very low today?? I have 10yr of fix, 8 of which against ubs, and they're getting on my nerves	BlueCrest Capital and Deutsche Bank	Deutsche Bank NYSDFS Consent Order at 10.
July 5, 2006	UBS Swiss Franc Derivatives Trader told UBS Swiss Franc Trader-Submitter that he was on the receiving end of a large fixing tied to one-month Swiss Franc LIBOR at the end of July, and, therefore, wanted a high one-month fixing. The Trader-Submitter agreed to make the submission high. <u>Swiss Franc Trader</u> : looking for high 1 month fix <u>Swiss Franc LIBOR Submitter</u> : no problem, will fix 1 month high	UBS	UBS DOJ Statement of Facts at 31; UBS CFTC Order at 38.
March 26, 2007	<u>London MMD Swiss Franc Trader 1</u> : hello sir, welcome back, you missed nothing, not sure if matches with you but my int is for a lower fixing, thanks <u>Swiss Franc Submitter 1</u> : HI [London MMD Swiss Franc Trader 1], NOTED N LET U KNOW....NO PROBL CIAOOO	Deutsche Bank	Deutsche Bank CFTC Order at 33.
July 4, 2007	<u>Swiss Franc Trader</u> : (To Bank E Swiss Franc Trader) yes.. they called 3m libor unchanged this morn[,] so i complained[,] so its all moved	RBS Bank E	RBS CFTC Order at 27.

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July 24, 2007	<p><u>Bank E Swiss Franc Trader</u>: 1m libor not a bit high?</p> <p><u>Swiss Franc Trader</u>: yes it s ajoke. im so annoyed</p> <p><u>Bank E Swiss Franc Trader</u>: This is shittt[,] With a fwd of 29.2 should be pretty much same as yesterday no?</p> <p><u>Swiss Franc Trader</u>: yep [...] 1m libor should not be higher</p> <p><u>Bank E Swiss Franc Trader</u>: I told them</p> <p><u>Swiss Franc Trader</u>: what they say? i moaned too.. they had 6m libor at 85.. i was gonna lose 1.25 bps on 2k futs</p> <p><u>Bank E Swiss Franc Trader</u>: Where should 6m be then? I need it low</p> <p><u>Swiss Franc Trader</u>: well 6m 3s irs is 86.4.. so you will still make 0.4 ag fix</p>	RBS Bank E	RBS CFTC Order 27-28.
September 17, 2007	<p><u>Swiss Franc Submitter 1</u>: LET ME KNOW ON THE FIXINGS IN CASE U NEED SOMETHG SPECIAL</p> <p><u>London MMD Swiss Franc Trader 1</u>: i have been trying to run as little as possible in the tn (as it was just costing me money),.. another nice low 3m tom would be nice</p>	Deutsche Bank	Deutsche Bank CFTC Order at 33.
December 13, 2007	<p><u>External Swiss Franc Trader B</u>: make sure you tell your guy to set low LIBOR</p> <p><u>RBS Derivatives Trader A</u>: I have told him but not sure how low he will go</p>	RBS Panel Bank 2	RBS FSA Final Notice at 16-17.

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April 15, 2008	<p><u>Bank E Swiss Franc Trader</u>: you what I hope[,] that libor 3m is not going up</p> <p>[...]</p> <p><u>Swiss Franc Trader</u>: Yes.. Should not go up.. Just hang here</p> <p><u>Bank E Swiss Franc Trader</u>: ok[,] just weird that zurich put it at 2.77 today</p> <p><u>Swiss Franc Trader</u>: So fx basis will go negative if 3m usd ever starts to go down</p> <p>[...]</p> <p><u>Bank E Swiss Franc Trader</u>: you should tell [Primary Submitter][,] if you can[,] the set it at 2.78</p> <p>[...]</p> <p><u>Swiss Franc Trader</u>: I ask him for low today[,] 3m and 6m</p> <p><u>Bank E Swiss Franc Trader</u>: hahah[,] 'yes ok mate I am heading out for a run[,] enjoy[,] talk tom[,] get those fixings down</p>	RBS Bank E	RBS CFTC Order at 28.
July 25, 2008	<p><u>Derivatives Trader C</u>: ...can we have like 76 [2.76] today for three Swissy [CHF]?</p> <p><u>Submitter B</u>: Yeah, yeah sure</p> <p><u>Derivatives Trader C</u>: just today we have two yards [2 billion] threes</p>	Deutsche Bank	Deutsche Bank FCA Final Notice at 13.

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	<p>so even if you could put six and a half [2.765] that would be nice . . . Today for three month, like a high very high three month but then a low one month, that's very good</p> <p>Submitter B confirmed he would do as requested</p>		
July 25, 2008	<p><u>Trader-11</u>: Hello I trade CHF derivatives in London what are you putting for libors today please?</p> <p><u>Submitter-9</u>: Hi mate welcome in one of the most interesting currency market heard out of the market that there is somebody at DB LDN now again trading CHF derivatives didnt check so far but probably going for 27 in the 1mth and 75 in the 3mths In case you have anything special let me know rgds [Submitter-9]</p>	Deutsche Bank	Deutsche Bank DOJ Statement of Facts at 61-62; DB Group DOJ Statement of Facts at 35-36.
September 25, 2008	<p><u>Submitter-9</u>: hi gd morning mate...in case it helps u my libor forecast: 1m 2.63 2m 2.70 3m 2.82 6m 2.98 9m 3.10 12m 3.235</p> <p><u>Trader-11</u>: ok many thanks can you put a high 3m please?</p> <p><u>Submitter-9</u>: sure 83?</p> <p><u>Trader-11</u>: many thanks really need low 1 month today just for tpdlay . . .</p> <p><u>Submitter-9</u>: wud do 61 if u agree . . . problem is not to quote too low to be deleted in the calculation process...?? Crazy these markets.....hope ur fine with the fixing</p> <p><u>Trader-11</u>: yes it is perfect was paying a lot of 1m today glad it is out of the way am short 3m but want to rec 3s now</p>	Deutsche Bank	Deutsche Bank DOJ Statement of Facts at 62-63; DB Group DOJ Statement of Facts at 36-37; Deutsche Bank CFTC Order at 33; Deutsche Bank NYSDFS Consent Order at 6.

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October 21, 2008	<p><u>Swiss Franc Trader</u>: we need that libor down fast</p> <p><u>Bank E Swiss Franc Trader</u>: yes[,] exactly</p> <p>[...]</p> <p><u>Swiss Franc Trader</u>: and [Primary Submitter] says he will set lower</p>	RBS Bank E	RBS CFTC Order at 28.
October 23, 2008	<p><u>Trader-11</u>: where do you see 1m libor today?</p> <p><u>Submitter-9</u>: gd question lower again I will go again for 2.50 with a fix at 2.60-62</p> <p><u>Trader-11</u>: cam you put a very low 1 month please</p> <p><u>Submitter-9</u>: sure wnatever suits u but to be honest lower than 2.50 wud mean we r off the calculation anyway so having no effect on the fix</p> <p><u>Trader-11</u>: fine if we are off the calculation it is always better than we are in To get libor your way you always need to be off teh calculation</p> <p><u>Submitter-9</u>: to show the direction i totally agree....but in case u have a refix i wud say its better to be in the calc on the low side</p> <p><u>Trader-11</u>: no we had a chat with [Trader-3] about that and we do not think so Maybe he is wrong!!! If you are un menas you increase the libor no?</p>	Deutsche Bank	Deutsche Bank DOJ Statement of Facts at 63-65; DB Group DOJ Statement of Facts at 37-39.

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	<p><u>Submitter-9</u>: it depends what u expect all the other to quote....on the day of ur refix its better to be the lowest in the calc to bring libor down, no? But to make sure risk on the 1m libor today clearly on the downside, means coming more down to 2.50 area . . maybe all the banks quoting unchgd high 1m libor yesterday might go down quite a lot today</p> <p><u>Trader-11</u>: good</p> <p><u>Submitter-9</u>: will go 38 in thw 1m fixing</p> <p><u>Trader-11</u>: Thank you</p>		
November 28, 2008	<p><u>Senior Yen Trader-Submitter</u>: can we leave 1m unchanged tuesday? sorry until tuesday also will check dbqf sorry about that . . .</p> <p><u>Swiss Franc Submitter 1</u>: sure no probl will quote unchgd 1.00 for 1,2 and 3 mths if ok</p> <p><u>Senior Yen Trader-Submitter</u> : many Thanks</p>	Deutsche Bank	Deutsche Bank CFTC Order at 33-34.
December 3, 2008	<p><u>Swiss Franc Submitter 1</u>: morning mate.....do you still need high 1m fix, rite?</p> <p><u>Senior Yen Trader-Submitter</u>: Hi [Swiss France Submitter 1] no gig axe all out</p> <p><u>Swiss Franc Submitter 1</u>: ok gr8 in that case i will lower our quote</p>	Deutsche Bank	Deutsche Bank CFTC Order at 34.
December 4, 2008	<u>Swiss Franc Trader</u> : can you put 6m swiss libor low pls?	RBS	RBS DOJ

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	<p><u>Primary Submitter</u>: NO</p> <p><u>Swiss Franc Trader</u>: should have pushed the door harder</p> <p><u>Primary Submitter</u>: Whats it worth</p> <p><u>Swiss Franc Trader</u>: ive got some sushi rolls from yesterday?</p> <p><u>Primary Submitter</u>: ok low 6m, just for u</p> <p><u>Swiss Franc Trader</u>: woooooooooooooooooo[,] 0.01%? thatd be awesome</p> <p><u>Primary Submitter</u>: 1.33</p> <p><u>Swiss Franc Trader</u>: perfect[,] u r a nice man</p>		Statement of Facts at 34-35; RBS CFTC Order at 25-26.
December 31, 2008	<p><u>Swiss Franc Trader</u>: High 3m libor pls!!!!!!</p> <p><u>Primary Submitter</u>: ok if i must</p> <p><u>Swiss Franc Trader</u>: Yes pls</p> <p>[. . .]</p> <p><u>Swiss Franc Trader</u>: U the man</p>	RBS	RBS CFTC Order at 26.
January 16, 2009	<p>(To Primary Submitter)</p> <p><u>Swiss Franc Trader</u>: high 3m libor pls!!!!!!</p>	RBS	RBS CFTC Order at 26.

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	<u>Swiss Franc Trader</u> : low 6m libor pls!!!!!!!		
January 30, 2009	<u>Swiss Franc Trader</u> : high 3m libors pls!!!!!! <u>Primary Submitter</u> : 0.50?? <u>Primary Submitter</u> : 0.51 <u>Primary Submitter</u> : 0.52 <u>Primary Submitter</u> : 0.53 <u>Swiss Franc Trader</u> : 0.54 <u>Swiss Franc Trader</u> : 0.54 <u>Swiss Franc Trader</u> : 0.54 <u>Swiss Franc Trader</u> : 0.54 <u>Swiss Franc Trader</u> : 0.54 <u>Swiss Franc Trader</u> : 0.54 <u>Swiss Franc Trader</u> : 0.54 <u>Swiss Franc Trader</u> : 0.54 <u>Swiss Franc Trader</u> : 0.54 <u>Swiss Franc Trader</u> : and low 6m	RBS	RBS DOJ Statement of Facts at 35; RBS CFTC Order at 26-27; RBS FSA Final Notice at 12-13.

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	<p><u>Primary Submitter</u>: Ok i get ya</p> <p><u>Swiss Franc Trader</u>: 0.65</p> <p><u>Swiss Franc Trader</u>: 0.65</p> <p><u>Swiss Franc Trader</u>: 0.65</p> <p><u>Swiss Franc Trader</u>: 0.65</p> <p><u>Primary Submitter</u>: ok</p> <p><u>Primary Submitter</u>: libors as requested</p> <p><u>Swiss Franc Trader</u>: you a top dog</p>		
February 11, 2009	<p><u>Junior Money Markets Trader</u>: chf libors anything special?</p> <p><u>Swiss Franc Trader</u>: high 3m pls[,] 6m neutral[,] hanks thanks</p>	RBS	RBS CFTC Order at 27; RBS FSA Final Notice at 12.
March 2, 2009	<p><u>Swiss Franc Trader-8</u>: (in chat room containing at least Trader-7 and Submitter-1) can you fix 3mth libor as high as possible today, thanks.</p>	RBS	RBS DOJ Statement of Facts at 36.
March 16, 2009	<p><u>Trader-7</u>: can we pls get a very very low very low 3m and 6m fix today pls.</p> <p><u>Trader-7</u>: we have rather large fixings!</p> <p><u>Submitter-1</u>: perfect, if that's what u want</p> <p><u>Trader-7</u>: and then from tomorrow . . . we need them through the</p>	RBS	RBS DOJ Statement of Facts at 35; RBS FSA Final Notice at 12.

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	roof!!!!		
March 17, 2009	<p><u>Swiss Franc Trader</u>: we need a few days unch</p> <p><u>Bank E Swiss Franc Trader</u>: yes</p> <p><u>Swiss Franc Trader</u>: i ask [Primary Submitter] now to fix unch every day</p>	RBS Bank E	RBS CFTC Order at 28.
March 19, 2009	<p><u>Swiss Franc Trader</u>: hello mr [Primary Submitter][,] can we go unch for libors again pls? 42 54? Or any lower in 6m would make u the best guy ever</p> <p><u>Primary Submitter</u>: 40 52</p> <p><u>Swiss Franc Trader</u>: can we make the 3m higher pretty pretty please? How about 41 53?</p> <p><u>Primary Submitter</u>: ok you win</p> <p><u>Swiss Franc Trader</u>: u r the man</p>	RBS	RBS CFTC Order at 27.
April 9, 2009	<p><u>Swiss Franc Trader 7</u>: (in chat with at least Junior Money Markets Trader) can we go 41 and 52 today pls guys?</p> <p><u>Junior Money Markets Trader</u>: sure guys</p> <p><u>Junior Money Markets Trader</u>: thats in</p>	RBS	RBS DOJ Statement of Facts at 37.
May 5, 2009	<u>Swiss Franc Trader</u> : can we get high 3m, low 6m pls!	RBS	RBS DOJ Statement of Facts

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	<p><u>Primary Submitter</u>: maybe</p> <p><u>Swiss Franc Trader</u>: PPPPLLLLLLEEEEEAAAAASSSSEEEEE</p> <p><u>Primary Submitter</u>: ok 41 52</p> <p><u>Swiss Franc Trader</u>: perfect perfect</p>		at 35; RBS CFTC Order at 27.
May 14, 2009	<p><u>Swiss Franc Trader</u>: [Primary Submitter] pls can we get super high 3m[,] super low 6m</p> <p><u>Swiss Franc Trader</u>: PRETTY PLEASE!</p> <p><u>Primary Submitter</u>: 41 & 51</p> <p><u>Swiss Franc Trader</u>: if u did that[,] i would lvoe [sic] u forever</p> <p><u>Primary Submitter</u>: 41 & 55 then...</p> <p><u>Swiss Franc Trader</u>: if u did that i would come over there and make love to you[,] your choice</p> <p><u>Primary Submitter</u>: 41+51 it is</p> <p><u>Swiss Franc Trader</u>: thouht [sic] so</p> <p><u>Primary Submitter</u>: so shallow</p>	RBS	RBS DOJ Statement of Facts at 36; RBS CFTC Order at 28-29.
May 14, 2009	<p><u>Swiss Franc Trader</u>: we are good!</p> <p><u>Bank E Swiss Franc Trader</u>: yes[,] look at it now[,] low</p>	RBS Bank E	RBS CFTC Order at 29.

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	<p>libor[,] and chf libor good too [...]</p> <p><u>Swiss Franc Trader</u>: [Primary Submitter] did me big favour today[,] he set 41 and 51</p> <p><u>Bank E Swiss Franc Trader</u>: sweet</p>		
July 2, 2009	<p><u>Non-Euro Desk Manager</u>: Hi morning mate! Do you have any special requests for the libor?</p> <p><u>Senior Yen Trader-Submitter</u>: keep 1m, 3m and 6m where they are please</p> <p><u>Non-Euro Desk Manager</u>: ok will be done mate</p>	Deutsche Bank	Deutsche Bank CFTC Order at 34.
March 10, 2010	<p><u>Senior Yen Trader-Submitter</u>: what ahppened withyour 6m libor</p> <p><u>Swiss franc Submitter 1</u>: sh.....did u have a refix?</p> <p><u>Senior Yen Trader-Submitter</u>: no not today back to 1 please</p> <p><u>Swiss franc Submitter 1</u>: sure will take care tom</p>	Deutsche Bank	Deutsche Bank CFTC Order at 34.
September 9, 2010	<p><u>London MMD Swiss Franc Trader 2</u>: Hi [Swiss Franc Submitter 2], good day to you. just to let you know if you can help..well or at least dont kill on that one pls. Got quite big fixings today: I am for: Lower fix in 1m higher fix in 3m lower fix in 6m txs same tomorrow in 6s3s and reverse monday ...the beauty of stupid mismatches</p> <p><u>Swiss Franc Submitter 2</u>: only helps you if relative to each other, right? i actually think a higher 3m fixing relative to 1m and 6m would perfectly reflect market movements today, should be no</p>	Deutsche Bank	Deutsche Bank CFTC Order at 34-35.

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	<p>problem :-)</p> <p><u>London MMD Swiss Franc Trader 2</u>: i like your thinking! tks</p> <p><u>Swiss Franc Submitter 2</u>: won't have any effect though I'm just realizing. my fixings are among the highest, they are not counting into the average right now anyway</p> <p><u>London MMD Swiss Franc Trader 2</u>: haha, ok</p> <p><u>Swiss Franc Submitter 2</u>: sorry. I'm long :-)</p>		
September 22, 2010	<u>Swiss franc Submitter 2</u> (email to several Pool and MMD traders): hi! libors unchanged today.	Deutsche Bank	Deutsche Bank CFTC Order at 35.
October 4, 2010	<u>London MMD Swiss Franc Trader 2</u> : hello hello, so have u sorted when u coming around? also, we re not the highest in fixings anymore, do you think you could increase your 3m slightly from tomorrow on if suits obviously....bloody cs moved lower today and i m paid for the next 3 weeks or so	Deutsche Bank	Deutsche Bank CFTC Order at 35.
April 18, 2011	<u>Swiss franc Submitter 2</u> (email to several Pool and MMD traders): hihi, chf libors unchanged please.	Deutsche Bank	Deutsche Bank CFTC Order at 35.