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**UBS AG ADMITS TO ANTICOMPETITIVE CONDUCT BY FORMER EMPLOYEES IN THE MUNICIPAL BOND INVESTMENTS MARKET AND AGREES TO PAY $160 MILLION TO FEDERAL AND STATE AGENCIES**

WASHINGTON – UBS AG has entered into an agreement with the Department of Justice to resolve anticompetitive activity in the municipal bond investments market and has agreed to pay a total of $160 million in restitution, penalties and disgorgement to federal and state agencies, the Department of Justice announced today.

As part of its agreement with the department, UBS admits, acknowledges and accepts responsibility for illegal, anticompetitive conduct by its former employees. According to the non-prosecution agreement, from 2001 through 2006, certain former UBS employees at its municipal reinvestment and derivatives desk and related desks, entered into unlawful agreements to manipulate the bidding process and rig bids on municipal investment contracts. These contracts were used to invest the proceeds of, or manage the risks associated with, bond issuances by municipalities and other non-profit entities.

“UBS and its former executives engaged in illegal conduct that corrupted the competitive process and harmed municipalities, and ultimately taxpayers, nationwide,” said Assistant Attorney General Christine Varney. “Today’s agreements with UBS ensure that restitution is paid to the victims of the anticompetitive conduct, that UBS pays penalties and disgorges its ill-gotten gains. The Antitrust Division will continue to use every tool at our disposal to root out illegal activity in financial markets that disrupts the competitive process.”

Under the terms of the agreement, UBS agrees to pay restitution to victims of the anticompetitive conduct and to cooperate fully with the Justice Department’s Antitrust Division in its ongoing investigation into anticompetitive conduct in the municipal bond derivatives industry. To date, the ongoing investigation has resulted in criminal charges against 18 former executives of various financial services companies and one corporation. Four of these charged executives are former UBS employees: Mark Zaino, Peter Ghavami, Gary Heinz and Michael Welty. Nine of the 18 executives charged have pleaded guilty, including Mark Zaino.

The Securities and Exchange Commission (SEC), the Internal Revenue Service (IRS) and 25 state attorneys general also entered into agreements with UBS requiring the payment of penalties, disgorgement of profits from the illegal conduct and payment of full restitution to the victims harmed by the manipulation and bid rigging by UBS employees.

As a result of UBS’s admission of conduct; its cooperation with the Department of Justice and the SEC, the IRS and the state attorneys general; its monetary and non-monetary commitments to the SEC, IRS and state attorneys general; and its remedial efforts to address the anticompetitive conduct, the department agreed not to prosecute UBS for the manipulation and bid rigging of municipal investment contracts, provided that UBS satisfies its ongoing obligations under the agreement.

In December 2010, Bank of America agreed to pay a total of $137.3 million in restitution to federal and state agencies for its participation in anticompetitive conduct in the municipal bond derivatives market.

The department’s ongoing investigation into the municipal bonds industry is being conducted by the Antitrust Division, the FBI and the IRS Criminal Investigation. The department is coordinating its investigation with the SEC, the Office of the Comptroller of the Currency (OCC) and the Federal Reserve Bank of New York.

The Antitrust Division, SEC, IRS, FBI, state attorneys general, OCC and Federal Reserve Bank are members of the Financial Fraud Enforcement Task Force. President Obama established the interagency task force to wage an aggressive, coordinated and proactive effort to investigate and prosecute financial crimes.  The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes. For more information about the task force, visit [www.stopfraud.gov](http://www.stopfraud.gov).

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