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Another “Conspiracy Theory” Bites The Dust: UBS Settles Over Gold Rigging, Many More Banks To Follow

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by [Larry Diffey](#) , [November 9, 2014](#)

gold



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Remember when everyone decried wholesale Libor manipulation as a crazy conspiracy theory (Zero Hedge: **January 2009**: “[This Makes No Sense: LIBOR By Bank](#)”) because after all, it was impossible for *so many people to keep their mouth shut* or whatever the generic justification is for disproving such “conspiracy theories”? Why, none other than **ICAP chief Michael Spencer says they all though Libor was “unmanipulable.”** As it turns out, not only is Libor manipulable(sic), and a vast rate-rigging “conspiracy theory” is quite possible when everyone’s interests are aligned, but it also was massively profitable.

Then it was the turn of the even more massive, multi-trillion FX market, when first UBS squealed like a pig and soon ratted out every other bank in the criminal “Cartel” (or was it “Bandits”?) syndicate (see: “[Meet The \(First\) Seven Banks Who Rigged The FX Market](#)”). End result: banks such as JPM, Citi and BofA forced to review their criminal ways and adjusting their third quarter results a month into Q4. Many more legal fees, charges and settlement coming however for those who lost money on the other side of such long-running manipulation, please accept our condolences: you won’t see a penny.

And finally, there was the precious metals market: a market which all the Keynesian fanatic paper bugs said was immune from manipulation, be it of the central or commercial bank kind, even with every other market clearly exposed for perpetual rigging either by hedge funds, by prop desks, by HFTs, or central banks themselves.

Sadly this too conspiracy theory just was crushed into the reality of conspiracy fact, when moments ago the FT reported that alongside admissions of rigging every other market, UBS – always the proverbial first rat in the coalmine, to mix and match metaphors- **is about to “settle” allegations of gold and silver rigging.** In other words: it admits it had rigged the gold and silver markets, without of course “admitting or denying” it did so.

[From the FT:](#)

UBS is to settle allegations of misconduct at its precious metals trading business alongside a planned agreement between UK and US authorities and seven banks over accusations of foreign exchange market rigging.

* * *

UBS is expected to strike a settlement over alleged trader misbehaviour at its precious metals desks with at least one authority as part of a group deal over forex with multiple regulators this week, two people close to the situation said. **They cautioned that the timing of a precious metals deal could still slip to a date after the forex agreement.**

Regulators around the world have alleged that traders at a number of banks have colluded and shared information about client orders to manipulate prices in the \$5.3tn-a-day forex market. UBS has previously disclosed that it launched an internal probe of its precious metals business in addition to its forex investigation. It declined to comment for this article.

Unlike at other banks, UBS's precious metals and forex businesses are closely integrated. The business units have joint management and the bank's precious metals staff – who mainly trade gold and silver – sit on the same floor as the forex traders.

One person familiar with UBS's internal probe said the bank found a small number of *potentially problematic incidents* at its precious metals desk.

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