

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

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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.

“Potentially problematic incidents”? One must give props to the FT for always finding just the right amount of politically correct lipstick to cover up what was market manipulation, pure and simple, which continued for years and years, even as the same FT routinely mocked everyone who alleged otherwise.

The good news is that the FT will finally reinstate the Gold manipulation [article which is penned in February then promptly removed following complaints from up high.](#)



Some more from the BOE's favorite media outlet:

The head of UBS's gold desk in Zurich, André Flotron, has been on leave since January for reasons unspecified by the lender.

Surely it is because he made too much money rigging FX and gold?

Those who wish to send Andre their regards, may do so courtesy of his [LinkedIn profile](#)...



... Because he is one of many people responsible for such perfectly new normal trades as [“Vicious Gold Slamdown Breaks Gold Market For 20 Seconds.”](#) Recall what “a humble block of 2000 gold futs (GC) taking out the bid stack, and slamming the price of gold, managed to halt the gold market: one of the largest “asset” markets in the world in terms of total notional, for 20 seconds” looks like:



Thank you Monsieur Flotron for teaching us how market manipulators “trade” gold:

Mr Flotron has not been accused of wrongdoing and has never responded to any requests for comment. He has labelled his professional status on his LinkedIn profile as being “on leave, keen to return in due time”.

The gold market has this year become the latest trading area to be subjected to heavy regulatory scrutiny and allegations of price-rigging. The FCA fined Barclays £26m in May

after an options trader was found to have manipulated the London gold fix.

Germany's financial regulator BaFin has launched a formal investigation into the gold market and is probing Deutsche Bank, one of the former members of a tarnished gold fix panel that will soon be replaced by an electronic fixing.

As for what happens next, the game is clear, because the only thing that can surpass the "developed world's" rigged markets is said world's "judicial" system: rigged far more than a \$10 billion gold market sell order at 1 am in the morning. The TBTF, aka Too Big To Prosecute Banks will settle, paying out pennies on the dollar of the profits they made from rigging gold, silver, FX, libor, Interest rates, equities, and so on, and will lay low for a while until the rigging resumes.

But fear not: even as the criminal banks stay out of the rigged market for a month or so - after all they have to at least give the appearance of complying with the rigged law - the central banks, courtesy of the "[People Bringing You Currency Manipulation On A Daily Basis](#)" located conveniently at the nexus of central banking in the Bank of International Settlements in Basel, will keep on rigging. Or else none other than [Benoit Gilson, Head of Foreign Exchange & Gold at the BIS](#) will be forced to report that he too is "on leave, keen to return in due time"...

Alas, we are far too deep inside the rabbit hole at this point to even pretend normalcy can ever again exist without the biggest systemic reset in history.

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