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Banks escape silver, gold price-fixing lawsuits

26 Jul 2018 | 22:25 GMT | **Insight**
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Claims that Bank of America, Barclays, UBS and several other banks participated in a conspiracy to manipulate silver benchmark prices are "implausible," a New York federal judge said, throwing out investors' proposed class action against them. The judge also threw out claims against UBS in a separate lawsuit over alleged gold benchmark manipulation.

Claims that Bank of America, Barclays, UBS and several other banks participated in a conspiracy to manipulate silver benchmark prices are "implausible," a New York federal judge said, throwing out investors' proposed class action against them.

Investors' purported "mother lode of evidence of a vast conspiracy" turned out to be "less than overwhelming," US District Judge Valerie Caproni said in a decision issued late Wednesday.

The judge threw out claims against Bank of America, Barclays, Standard Chartered, BNP Paribas and UBS.

Caproni also threw out claims against UBS in a separate lawsuit over alleged gold benchmark manipulation.

Investors brought their lawsuit in 2014 based on econometric analysis that they said suggested silver prices, which were set through a private auction process, were being manipulated through a conspiracy among metals traders. The conspiracy allegedly ran from 2007 to 2013.

The banks Caproni dismissed from the silver lawsuit are so-called non-fixing banks, that is, they didn't participate in the process known as the "fix" by which the benchmark rate was set.

Caproni said she didn't find silver investors' allegations of a "comprehensive" conspiracy to be plausible.

"What plaintiffs present as components of a single agreement appear to be unrelated, internally inconsistent efforts to manipulate the silver markets episodically," she said.

The judge said she couldn't understand why the fixing banks, who exercised control over the price, would involve other banks in their alleged scheme, since in the "zero-sum" world of commodities trading expanding the scheme would reduce the fixing banks' profits.

Chats cited by the investors reference "apparently unilateral or bilateral attempts to manipulate" the price, the judge said.

Caproni said those chats did appear to show a conspiracy, but said that the plaintiffs aren't "efficient enforcers" of antitrust law against the non-fixing banks since the investors don't have evidence that the non-fixing banks' conduct directly injured them.

Investors gained a raft of evidence after Deutsche Bank settled with them, paying $38 million and agreeing to cooperate. Caproni called that evidence "less than overwhelming."

In the gold case, Caproni said claims against UBS were implausible. UBS had argued that the fixing banks had no reason to involve it in the conspiracy.

The Commodity Futures Trading Commission and Department of the Justice have taken action against several of the defendant banks over alleged silver manipulation, but their actions allege so-called spoofing, rather than collusion.

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