SUBMITTED via email to Secretarys-Office@sec.gov

DATE: May 30, 2025 (by 5:30 pm ECT)

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FROM: James S. Henry, Esq. et al, on behalf of the UAML ("United Against Money Laundering") Coalition (Mr. James S. Henry, Esq. [redacted]; Mr. John Christensen [redacted]; Dr. Paul J. Morganoff [redacted]; Mr. Ralph Nader [redacted]; Ms. Ana Gomes [redacted]; Ms. Khadija Sharife, [redacted]); Ke Francis Karugu [redacted]); and Ms. Dagmar Frank [redacted]. (See attested e-signatures below.

RE: Our Application for a Hearing Re SEC File No. 812-15779/ SEC Release No. 35566 (May 5 2025): Notice of Application and Temporary Order

"In the Matter of
Credit Suisse Services AG
UBS Asset Management (Americas) LLC
UBS Asset Management (US) Inc.
UBS Asset Managers of Puerto Rico
UBS Financial Services Inc.
UBS AG"

APPLICATION PURSUANT TO SECTION 9(c) OF THE INVESTMENT COMPANY ACT OF 1940

FOR TEMPORARY AND PERMANENT ORDERS EXEMPTING APPLICANTS FROM THE PROVISIONS OF SECTION 9(a) OF SUCH AC."

I. INTRODUCTION

1A. What Do We Want?

Regards. Our coalition has worked hard to assemble this request in the relatively short time that has elapsed since the main Applicant UBS AG submitted its Application (**SEC File No. 812-15779)** on May 5, 2025. We'd like to thank you for this opportunity to be heard.

For reasons discussed below, we respectfully request that the SEC hold a *formal hearing* on the question of whether it really is appropriate -- in light of the demonstrable, sustained patterns of serial corporate criminality on display in this case -- to grant UBS AG and its coterie of related "Applicants" and "Pleading Entities" a Permanent Exemption from the sanctions that are otherwise automatically imposed by Section 9(a) of the Investment Management Act of 1940.

As we'll argue, we believe that such an Exemption would be inappropriate at any time, given this group's remarkably unsavory track record.

But it is *especially inappropriate* right now.

After all, this is a moment when the new US administration is insisting that millions of hard-working migrant workers and their families *strictly comply with the letter of US immigration law*, on penalty of immediate deportation.

It is also a time when we are trying to encourage leading companies, banks, private investors, and the world's largest sovereign wealth funds, *not to export capital* from the US, but to invest it here.

Some also believe that certain prominent international banks have received massive special subsidies and special protection from whistleblowers and law enforcement by way of their own governments.

Given this preferential treatment, there is a strong case for favoring US financial institutions that already have deep roots right here at home. If anything, we should think twice about extending the privilege of free access to US capital markets to foreign financial institutions that remain headquartered in countries with long histories of raiding the US Treasury by facilitating US tax dodgers, sheltering oligarchs and kleptocrats, and even providing banking services for fascist regimes bent on overthrowing liberal democracy.

1B. Who Are We?

We are a non-partisan international volunteer group of leading experts on corrupt banking, international havens, anti-money laundering regulation, and the prevention of international tax dodging.

Brief biographies of our leading members are provided in the Appendix available by way of this link. [1] We hail from both the "Global North" -- the US, the UK, Australia, Germany, and Portugal -- and the "Global South" -- especially from Kenya, South Africa, Angola, and Mozambique, where these two leading Swiss banks, in particular, have recently done untold economic and political damage. We all share a strong direct professional interest in the integrity, stability and effective regulation of the global financial system, pension fund management and integrity, and the protection of the rule of law.

Collectively, we have accumulated several hundred person-years of professional experience investigating the *serial malfeasance* of major corporations, banks, and hedge funds, including Credit Suisse AG, UBS Group AG, HSBC, Citigroup, JP Morgan Chase, Blackrock and many others.

Since 2014, our "UAML" ("United Against Money Laundering") group has participated actively in a series of official proceedings and public hearings regarding the *repeated waivers* that two key entities relevant to this Application, *both* Credit Suisse AG and UBS AG, enjoyed from the US Department of Labor ("DOL") 's Office of Exemption DOL. These waivers were received in connection with *serial violations* of the "no-felony" conditionality that pertains to DOL's "Qualified Professional Asset Manager" ("QPAM") Exemption program.

[1] See the brief biographical sketches of our volunteer experts in Appendix F to this Letter, available at [redacted].

This Application for a Permanent Exemption that has been submitted to the SEC by UBS AG bears a striking family resemblance to the numerous requests for QPAM Exemption waivers that both UBS AG and CS AG have also submitted to US DOL since at least 1994. So it is a natural extension of our backgrounds and concerns for us to take an active interest in this SEC proceeding -- the issues are quite similar.

II. HISTORICAL CONTEXT FOR THIS APPLICATION

¶ Our Earlier Work

Several of us have investigated misbehavior by UBS and Credit Suisse since well before 2014. Indeed, collectively, our group has acquired a unique, unparalleled understanding of these two corporate giants, their corporate cultures and institutional proclivities, their strengths and weaknesses.

Even before our involvement in the DOL hearings back in 2014-15, this early work led us to several basic hypotheses about corporate criminality. Sadly, these findings have only been reinforced by more recent history:

1. The problem of "higher corporate immorality"[2] and *criminogenic* corporate culture is real; some institutions really do seem to have long-term propensities to engage in much more aggressive behavior with respect to the legal system and regulation than others, whether as a kind of distinctive competitive strategy, or less consciously -- as a set of institutional bad habits and self-reinforcing norms.

2. This kind of corporate culture is very hard to change. Hence, it is predictive of future behavior. Accordingly, if there is merit in establishing "grey lists" for "tax havens," there is even more merit in establishing *grey lists for major financial institutions which have a long history of serial dodgy behavior.*

We will argue here that financial regulators ought to take such behavioral patterns into account, and not just be charmed by the giant $sums involved or by the usual sweet exculpatory dulcimer refrains: (" Oh, but that was all so long ago and far away!" We are really truly sorry for all the damage we've done. We've learned our lesson, we'll never do it again, trust us!..And we have hired new managers and redesigned our business units!..)

In general, as a rule, no industry that we've ever studied has had better excuses for all *the damage* that it does than the global private banking industry. And UBS AG and Credit Suisse AG really have spent decades at the pinnacle of that industry.

¶ Past Is Prologue

[2] Cf. C. Wright Mills, The Power Elite. (NY, Columbia U Press, 1956), Chapter 15.

Here are just a few notorious cases involving dodgy behavior by Credit Suisse and UBS that date back at least to the 1930s, cases that our group has explored in detail.

- Helping to rip off the savings of the Holocaust victims of Hitler's Germany during World War II, while also helping the Swiss National Bank to process and provide a market for Nazi Gold, for which SNB became a major distribution point.[3] These transgressions led to the infamous 1998 settlement where UBS and Credit Suisse failed to deliver more than a paltry $1.25 billion to Holocaust victims -- and actually much less after the the lengthy application vetting process. [4] Shamefully, as disclosed by US Senate investigators in 2025, the failure of these two giant Swiss banks' to fully disclose hundreds of Nazi-era accounts and "rat-line" relationships continues right up to the present. [5]

- Credit Suisse's long-standing involvement with the notorious Marcos family dictatorship in the Philippines in the 1980s, including reportedly laundering the $billions that were borrowed from NY banks in the name of its Central Bank, and then parked in private accounts in Switzerland. This is a client relationship that may well persist to this day.[6]

- Facilitating illegal loans, capital flight, and kleptocracy for a wide variety of despicable regimes, including South African apartheid in the 1980s, General Videla's murderous gang that seized power in Argentina in the late 1970s, and Sani Abacha's Nigerian dictatorship in 2000; [7]

- In the mid-1990s UAML/TJN's John Christensen helped to unearth a huge scandal involving a fraudulent currency trading operation by Cantrade Private Bank Switzerland (C.I.) Ltd, a UBS subsidiary that was based in the Isle of Jersey. The meme is familiar -- this scandal also revealed

[3] See Credit Suisse," Report on Historical Issues, March 2023, at https://int.nyt.com/data/documenttools/credit-suisse-review-nazi-accounts-2023-03-31/0f093efb68a9f5b6/full.pdf. After 50 years of inaction and pressure from Holocaust victims, in 1996 the Swiss Bankers' Association set up the Independent Committee of Eminent Persons ("ICEP"), chaired by former US Federal Reserve Chair Paul Volcker, to investigate what happened to the proceeds of Holocaust victims at Swiss banks, including CS and its predecessors. Meanwhile, in December 1996 the Swiss National Bank also established the Bergier Commission to focus on the broader relationship between Swiss banks and the Nazi Government, and CS commissioned Prof Joseph Jung to write a history about it. The Volcker Report was published in 1999, the Jung report in 2001, and the Bergier report in 2002. Meanwhile, in 1996, a class action lawsuit against Swiss banks on behalf of Holocaust victims was filed in New York. It was settled in 1999 under the auspices of Judge Edward Korman, with an agreed global settlement of $1.25 billion to be paid by leading Swiss banks, including CS and UBS, in order to have "complete and binding closure on all issues." CS' predecessor bank Schweizerische Kreditanstalt ("SKA") reportedly dealt with Nazi

[4] See Debbie Maimon, "The Great Swiss Swindle," (2025), at https://yated.com/the-great-swiss-swindle/.

[5] See US Senate Budget Committee (2025):"Investigation into Nazi-Linked Credit Suisse Accounts Yields Extensive New Findings, Reveals Bank's Historic Pattern of Obstruction," https://www.budget.senate.gov/chairman/newsroom/press/senate-budget-committee-investigation-into-nazi-linked-credit-suisse-accounts-yields-extensive-new-findings-reveals-banks-historic-pattern-of-obstruction.

[6] See https://www.theguardian.com/news/2022/feb/21/tax-timeline-credit-suisse-scandals; see also JS Henry, The Blood Bankers: Tales from the Global Haven Industry. (NY: Basic Books, 2003, 2005), Chapter Three: "Philippines Money Flies."

[7] https://www.theguardian.com/news/2022/feb/21/tax-timeline-credit-suisse-scandals

how Jersey regulators had *consistently ignored many early warnings* about Cantrade's multi-$million fraud.[8]

- Credit Suisse's $535 million 2009 "deferred prosecution agreement" ("DPA") with the US Justice Department, a rather modest penalty (deducted from Swiss taxes) for the key role it had played in facilitating *sanctions busting* by a dog's breakfast of dodgy Third World regimes, including Iran, Myanmar, Sudan, Venezuela, Cuba, Libya, and Liberia. [9]

- A whole series of cases involving Credit Suisse's recurrent role facilitating money laundering and tax dodging in Japan, including holding "shredding parties" to conceal losses for Japanese companies (1999), money laundering for the Yakuza (2004), and a massive 2009 tax fraud case that culminated in a 2009 conviction. a 2011 conviction in Germany.

- UBS's sustained involvement in facilitating tax dodging and capital flight by wealthy Americans,[10] including its $780 million February 2009 DPA for facilitating US tax dodging. [11] There were also similar corporate tax fraud convictions for Credit Suisse in Germany (2011) and Italy (2015-16). [12]

¶ The 2014 Credit Suisse Tax Case

These early investigations paved the way for our group's deep involvement in the proceedings at the US DOL that followed Credit Suisse AG's 2014 felony guilty plea to having facilitated huge amounts of tax dodging by wealthy Americans. Of course this 2014 plea is at the heart of the current Application (**SEC File No. 812-15779)**, so we will explore it in some detail.

The Applicant UBS AG effectively tries to minimize the importance of this 2014 case by describing it as a (mere) "plea to a one-count criminal information," without much additional detail. [13] The plea's simplicity is actually a tribute to the talents of Mr. Christopher A. Wray, Credit Suisse's able attorney, who headed the White Collar Defense unit at Atlanta's distinguished King & Spaulding law firm before he became President Trump's choice to head the FBI from July 2017

[8] See WSJ (October 29, 1996), "UBS Subsidiary Charged With Fraud" at https://www.wsj.com/articles/SB846539634616514500. See also WSJ (November 28,1997), "UBS Faces a Fraud Suit That Threatens US Plans," at https://www.wsj.com/articles/SB880672208368902000.

[9] See US Treasury (Office of Foreign Assets Control) (December 2009), "Settlement Agreement Between OFAC and Credit Suisse," at https://ofac.treasury.gov/recent-actions/20091216.

[10] See JS Henry, "Attack of the Global Pirate Bankers," The Nation, August 4, 2008, https://www.thenation.com/article/archive/attack-global-pirate-bankers/.

[11] See US DOJ (February 2009), "UBS Enters Into A Deferred Prosecution Agreement." https://www.justice.gov/archives/opa/pr/ubs-enters-deferred-prosecution-agreement.

[12] https://www.theguardian.com/news/2022/feb/21/tax-timeline-credit-suisse-scandals

[13] See UBS (May 5, 2025), SEC Application SEC File No.812-15770, p 5.

until January 2025.[14] Mr. Wray also ably represented CS during its 2009 prosecution for sanctions busting.

The Applicant neglects to mention that this "one count" 2014 plea disclosed the fact that Credit Suisse's criminality was not just the product of a few rogue pirate bankers. True to form, for over a decade Credit Suisse had managed a team of more than 655 bankers in a secret Swiss-based private banking business unit that reported right to the very top.[15] Its mission was to cater to the needs of more than 20,000 wealthy American clients, facilitating the hidden exodus of $billions in unreported taxable income and stashing in Switzerland and other offshore locations. By the time this surfaced (*note bene: only because of whistleblowers*) this secret business unit had accumulated at least $25 billion in unreported taxable assets from the IRS and other US tax authorities.[16] It was only detected by virtue of whistleblowers and independent investigators like us. The *lost income tax revenue* on the interest earned by that missing wealth alone might have easily funded DOL/EBSA's entire budget, year in, year out, perpetually.

Despite this egregious misconduct, in 2014, CS got off with a proverbial *slap on the wrist*. It paid a $2.6 billion in fines and restitution -- much of which was tax-deductible in Switzerland. It lost no banking licenses in the US or anywhere else. There was no jail time or any other penalties for the coterie of senior CS bankers who had *knowingly* orchestrated this decades-long *bacchanal* of corporate criminality.

¶ Credit Suisse's US DOL "QPAM" Status

The 2014 "one-count plea" did have some other important consequences, however. First, it led to the imposition of reporting conditions on Credit Suisse by the US DOJ. Credit Suisse subsequently violated these conditions -- leading to the prosecution and plea that is the subject of this proceeding.

[14]See the profile of Christopher A. Wray at https://en.wikipedia.org/wiki/Christopher_A._Wray#:~:text=Federal%20law%20specifies%20the%20term,conclusion%20of%20the%20Biden%20administration.

[15] Mr. Andreas Frank (Germany, James S. Henry Esq. (US) , Dr. Paul Morganoff (Australia), Ralph Nader US) , and and Bart Naylor (US) joined in the original January 2015 CS QPAM Waiver hearing in Washington, D.C. John Christensen UK) joined the group for the subsequent 2019-2023 CS QPAM proceedings. To our great sadness, we recently lost one of our group's most dedicated, distinguished members. Mr. Andreas Frank, a former Goldman Sachs senior banker, advisor to the EU Parliament, and renowned author on Anti-Money Laundering legislation and haven banking, He passed away on June 25, 2024, just as we were preparing this comment letter. Without Andreas, there would have been no participation in the original January 2015 QPAM hearing on Credit Suisse, or the subsequent proceedings. This comment letter is dedicated to the irreplaceable Mr. Andreas Frank.

[16] Assuming a modest 5 percent yield, taxable at 33 percent, the loss to the federal treasury was $412 million a year. EBSA's entire annual budget averaged $180 million to $200 million in 2013-22.

Second, in the course of the US DOJ's plea bargaining with Mr. Wray,[17] we discovered that CS had a QPAM.[18] This discovery necessitated the filing of a QPAM Waiver Application by CS in December 2014, which, in turn, led to an important public hearing at DOL on January 15, 2015. As noted, since at least 2014, our group has participated in a prolonged series of Credit Suisse QPAM waiver application proceedings.

Like many other major banks, including UBS, it turned out that Credit Suisse had operated several leading so-called "Qualified Pension Asset Managers" ("QPAMs") to take advantage of a special US DOL special program. Introduced in 1984, this was designed to attract large financial firms to the business of advising US private pension funds. So long as they qualified to be QPAMs, the US DOL relieved them of the need to comply with basic fiduciary obligations like conflict-of-interests and insider dealing in their dealing with pension funds. The key condition was that QPAMs not engage in US financial crimes. [19] Given the dominant role that US private pension plans play in the global market -- there are now more than 770,000 US private funds with over $12 trillion of client assets -- these QPAM privileges helped to make this an even more lucrative business.

Much as in the case of the SEC's Article 9 proceedings, if financial institutions violated the law, US DOL's QPAM regulations either automatically expelled them from QPAM privileges, or required them to formally apply for waivers from DOL's Office of Exemption Determinations, and submit to additional audits or other conditions that DOL might impose.

So Credit Suisse's 2014 guilty plea to a tax felony automatically triggered this provision. In that case, since DOL's QPAM regulations are subject public comment procedures, this provided our coalition with an opportunity to inform US DOL, US pension funds, and the public at large about the long history of malfeasance by a variety of QPAMs owners, including Credit Suisse and UBS. This criminal history had basically gone unnoticed by US DOL, mainly because much of it was outside the US and had simply not been noticed.

¶ The 2015 US DOL QPAM Hearing

At the January 15, 2015 day-long public hearing before the US DOL's Office of Exemption Determinations in Washington D.C., our experts panel provided what turned out to be the first in a series of "early warnings" about where Credit Suisse might be headed if its criminal propensities were not reigned in.

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[17] Mr. Chris Wray, at the time a partner at Atlanta's King Spaulding firm who headed its White Collar Crime defense practice, signed off on CS's Deferred Prosecution Agreements for both CS' 2009 plea deal with DOJ for sanctions busting and its 2014 plea deal with DOH for facilitating tax dodging. Mr Wray became US FBI Director in July 2017. He continues to serve in that capacity.

[18] Apparently CS' QPAM status become known to DOL in the course of its 2014 plea settlement with US DOJ. To our knowledge, as of July 2024 US DOL/ EBSA still has no complete registry of QPAMs, let alone a public registry.

[19] See Federal Register, "Prohibited Transaction Class Exemption 84-14," at https://www.federalregister.gov/documents/2024/08/13/2024-17586/prohibited-transaction-class-exemption-84-14-for-transactions-determined-by-independent-qualified#:~:text=89%20FR%2023090%29.

,Background%20of%20the%20QPAM%20Exemption,dealing%20or%20conflicts%20of%20interest.

¶ First, we argued that it was just plain *self-defeating* for the US Government to allow CS to profit from US pension funds, even as Credit Suisse AG as a whole was actively abetting US tax dodging on a massive scale elsewhere.

Indeed, presumably the government relies on *compliance with US tax laws* to fund its own efforts to *p*rotect *these very same US pension funds*. Whereas the **essence** of the basic *"hide the money" business strategy* of Credit Suisse, UBS AG, and other leading private banks is to continuously test the boundaries of non-compliance. In contrast, of course, most US pension fund beneficiaries firmly support values like constitutional democracy, basic ax compliance, and the rule of law.

¶ We also noted that this 2014 US felony conviction was far from Credit Suisse's original sin. As summarized above, We documented the fact that, dating back at least to the 1930s, there had been a plethora of dodgy activity by giant Swiss banks. Indeed, this kind of behavior was arguably *intrinsic* to their entire *business strategy in global haven banking*. Thus they *necessarily* became involved in a long-term pattern of *institutionalized criminality -- which necessarily involved more or less systematically violating other countries' laws.*

In other words, this was not just a question of "a few bad apples." *This was the business plan for the entire orchard*. And this was very different from the kind of sporadic, one-off *rogue transgressions* that the original 1982 QPAM Exemption had been intended to handle.

We therefore argued that, in the interests of effective regulation, it was imperative to scrutinize and penalize these *organizational propensities* at the *enterprise* level. In other words, they seemed to reflect very deep-seated *institutional* deficiencies in corporate culture and rewards systems. Indeed, CS and UBS had specialized for decades in attracting and rewarding *risk-prone* operators ("What can we get away with here, fellas?"). This was especially true of those private bankers who focused on foreign markets. Meanwhile, back in Switzerland, a kind of blithe "Magic Mountain"/"we happy few" mentality prevailed in the elite communities where many senior managers resided.

At the same time, as we also noted, private banks like Credit Suisse and UBS, as well as the Swiss government, punished local *whistleblowers* very severely. After all, they were ***violating Swiss law****!*

¶ We also cited the failure of Swiss regulators, in particular, to *ever* reign in, let alone ever prosecute giant big banks like CS and UBS, in despite innumerable opportunities to do so. Swiss regulators always seemed to be perpetually short of resources, regulatory power, and the ability to impose significant fines, let alone jail terms, **on anyone but Swiss whistleblowers**.

This was partly due to "regulatory capture" and "revolving doors" at key regulators. But it was also due to the fact that ultimately, Swiss regulators just seemed to buy in to their largest banks' basic business strategy: "Make Switzerland Great Again -- by becoming a safe haven for oligarchs and international loot!"

In any case, it was clear that we certainly could not rely on Swiss regulators to help protect pension fund interests or more general public interests in financial transparency and integrity.

¶ Finally, at the January 2015 hearing, we argued that if these behavioral patterns were not curbed, there was unlikely to be a happy ending for any stakeholders -- pension funds, employees, senior managers, creditors, debtors, shareholders, US and Swiss taxpayers, competitors forced to compete with dodgy business practices, or even pension fund beneficiaries, let alone for developing countries that are routinely treated as targets of opportunity or for the stability and integrity of the global financial system.

On the other hand, we argued that rigorous enforcement of higher standards might just help to *prevent a CS debacle* by discouraging the bank's serial criminality.

At a day-long public hearing our coalition reviewed this history in detail, described the need for stricter regulation, and recommended important improvements to the QPAM program that have subsequently been adopted -- notably (1) a requirement that US DOL be provided with a complete list of QPAMs by financial institutions like Credit Suisse (amazingly, DOL did not have one), and (2) that foreign transgressions also be included in the QPAM's programs purview. Both of these changes were ultimately adopted to US DOL regulations.

¶ Early Warnings/ Deaf Ears - US DOL's 2015 and 2019 QPAM Waivers

Our expert group 's *key* recommendation back in January 2015 was *that Credit Suisse not be given a full waiver* from QPAM program sanctions. We argued that Credit Suisse's *pattern of institutional malpractice*, *on top of* its 2014 plea, made it inappropriate to simply treat this as "business as usual." At a minimum, we needed strict conditions to be imposed on Credit Suisse and its QPAMs, including truly-independent compliance auditors and strict penalties for any additional transgressions.

We also *predicted* that if such strict conditionality were *not* imposed by US DOL or other US financial regulators, CS would take this as a sign that it could get away with further transgressions, and would soon go on to repeat its misbehavior. And we warned that that, in turn, would lead to calamity -- not just for the US private pension funds that had relied on CS for advice to their great regret, but also for shareholders, bondholders, Credit Suisse employees, and even senior management itself, as well as world financial markets.

Alas, our warnings fell on deaf ears. In October 2015 US DOL/ EBSA granted CS a five-year QPAM waiver for the 2014 tax charge. When that waiver expired in 2019, over our protests, it granted CS *yet another* five-year waiver, despite strong evidence that CS had continued its criminality -- including failing comply with the terms of the 2014 Deferred Prosecution Agreement that had been signed by the by-then FBI Director, which ultimately led to yet another prosecution that is the subject of this Application.

As we predicted, in 2021-22, Credit Suisse was convicted of a yet another serious US felony, this time involving a $2.5 billion fraudulent debt deal in Mozambique that happened to hurt US investors.[20] At that point US DOL, at least twice burned, finally took action,. It suspended its second five-year waiver and gave CS just a one-year "interim" waiver (June 2023-24) (PTE 2023-14) to allow its QPAMs to wrap their affairs.

All told, by 2023 Credit Suisse and UBS together had accounted for *14 of the 43* QPAM waivers that US DOL had ever given under its QPAM program - including the *five* QPAM Waivers that Credit Suisse AG acquired from 2014 to 2023.[21] (In January 2025, US DOL made this a grand total of 15 out of 44 US DOL QPAM waivers by granting UBS yet another waiver.)

¶ 'Steal of the Century?'

But by 2023 it was already too late. Credit Suisse's toxic risk-prone corporate culture had finally caught up with it. In 2021 it had sustained huge losses from two ill-considered hedge fund investments -- a $10 billion loss in the Greensill Capital supply chain funding fiasco[22] and another $5.5 billion loss in the Archegos Capital Management swaps fraud.[23] Clients and depositors lost confidence and Credit Suisse's reported total customer AUMs plummeted from $1.8 trillion to $1.2 trillion. In late 2022 it reported another massive $8.2 billion loss. By March 2023 key investors were heading for the exits and Swiss banking authorities had turned to their only remaining available "white knight" today's applicant, UBS AG.

Now ordinarily the costs of such a classic bank run would have been shared among bank shareholders, creditors, and the public at large, with an eye on maintaining market stability and competition. Noone but a few die-hard libertarians favored simply allowing the troubled bank to fail -- after all, it still had more than 10,000 Swiss employees. The US Fed and the ECB voiced concerns about systemic risks, since the US was also experiencing mini-banking crises at SVB and Signature Bank, and the global economy was still shaking off the pandemic. But they were reluctant to be seen to be bailing out this frankly notorious bolt hole bank.

So the pressure was on Switzerland to do something. It would have been costly for Switzerland to bail out CS along the lines of the $1.2 trillion that had been spent by the US Treasury to rescue several great big US and European banks during the GFC in 2008-10. Simply nationalizing the bank without compensation, as the anti-socialist but pragmatic General Pinochet had done during Chile's 1983 banking crisis, was regarded as "un-Swiss." Instead, the tiny Swiss banking elite and its captive government went behind closed doors and came up with a juicy alternative -- a very

[20] See Appendix C to our July 2024 US DOL submission, available at [redacted]

[21] See https://www.budget.senate.gov/chairman/newsroom/press/senate-budget-committee-investigation-into-nazi-linked-credit-suisse-accounts-yields-extensive-new-findings-reveals-banks-historic-pattern-of-obstruction?

[22] For the Greensill Capital story, see https://www.nytimes.com/2021/03/28/business/greensill-capital-collapse.html.

[23] For the Archegos Capital Management story, see https://apnews.com/article/archegos-capital-bill-hwang-b3b9068f0d30519f67d1a01a37056003.

pro-UBS, anti-competitive *sweetheart rescue,* paid for mainly by CS's foreign bondholders, its mainly rich (Middle Eastern) foreign shareholders, and the Swiss taxpayers. The aid was provided not only in the form of loan guarantees, but also, indirectly, by way of the the increased banking profits secured by suddenly having a far less competitive *domestic* banking market in Switzerland. [24]

The main beneficiaries of this pseudo-"forced marriage" were UBS AG senior management and its stockholders -- contrary to the notion that Swiss regulators somehow had to "force" UBS to do this takeover. In fact it was delighted by the deal, which proceeded quickly. First, in March 2023, FINMA, the feckless bank regulator whose chronic *under-sight* had permitted CS to get into such deep trouble in the first place, ordered an unprecedented compulsory 100 percent write-down of $17 billion of Credit Suisse's Additional Tier One ("AT1") bonds. It then allowed UBS to acquire all remaining ordinary CS shareholder equity **for $3.3 billion** -- just 10 percent of CS' market capitalization back in 2020. Finally, the Swiss government hurriedly adopted legislation that retro-legalized all this horseplay.

Thus this sweetheart deal allowed UBS to acquire all of CS, minus its debt, for a song. The take included CS: extensive global operations, 45,000 staff members, a global customer base, a US$500 billion balance sheet, and more than US$1.22 trillion of CS' remaining AUMs, including QPAM assets. At the end of the day, this made UBS AG one of the world's largest asset managers, with more than US$ 6.2 trillion of AUMs. It also now dominates many domestic Swiss financial market niches -- for example, it accounts for over half of Geneva's mortgage market. And it now reportedly even has dreams of becoming a full-fledged US bank! That is what we suspect the instant Application is really all about.

Back home, this merger is still the subject of widespread public anger in Switzerland and elsewhere. The public is angry that UBS's top management and its biggest remaining shareholder - including non-Swiss institutions like BlackRock and Norway's Sovereign Wealth fund -- got such a sweetheart deal, as well as juicy pay raises for top managers. Angry CS bondholders all over the world have filed over $9 billion of legal claims, which are now working their way through the courts. There has reportedly been a top-secret investigation by the Swiss parliament and prosecutors of the whole episode -- though the official report has yet to be published and the working files won't be opened to the public for 50 years -- 20 years longer than usual, by special statute.

Of course there is huge amount of work to be done to consolidate these two behemoths and rationalize their 100,000+ work force. However, it is already clear that UBS top management and its shareholders have already benefitted handsomely from what has been called some Swiss observers have called the *"steal of the century. "* For years UBS had been known as the dog that

[24] Swiss authorities were unwilling to let CS fail or to nationalize it, and the bank was too big for the Swiss Treasury to bail out along US lines. So the pro-UBS sweetheart rescue option was chosen. This was orchestrated in March 2023 by the Swiss Central Bank, UBS senior management, and FINMA, t In March 2023 FINMA ordered a compulsory write-down of $17 billion of CS' "Additional Tier One" ("AT1") bonds to zero. UBS was then allowed to acquire all of CS equity from its shareholders for $3.3 billion -- just 10 percent of the bank's market capitalization in 2020. Finally, the Swiss government hurriedly adopted legislation that tried to retroactively legalize all this horseplay. The merger was officially completed in June 2023.

would not hunt -- at least since the 2008 Global Financial Crisis, when UBS itself had almost failed and had to be assisted by a $6.1 billion loan from the Swiss National Bank. Since then UBS' stock price had basically been *flat or declining* from June 2008 precisely until June 30, 2023, precisely when this CS merger closed.[25]

Since then, UBS AG's stock price has soared by more than 40 percent in 18 months -- an extraordinary private wealth increase and a rise in market power that derived almost entirely from one of *the most dramatic regulatory failures* in recent history.

III. THIS APLICATION

On this basis of this lengthy historical preamble, we can proceed to our key points with respect to this Application, and the case for our urgent request for a public hearing.

¶ ECONOMIC IMPORTANCE

It is especially important for the SEC to get its decisions with respect to this particular Application right, simply because the economic stakes are high. Even though Credit Suisse was only Switzerland's second largest bank, its collapse was significant enough to send tremors through world financial markets. UBS is much larger -- and this time around, there is no "second UBS," so a collapse would have no home-country solution. Imagine if the Credit Suisse merger had not been pulled off while SVB- and Signature Bank-type rescues were still in motion. Even though it remains a small-probability event, therefore, this might rattle the world's financial system.

¶ ADDRESSING CORPORATE MISCONDUCT IN GENERAL

- **Acknowledging Patterns of Misconduct As an Indicator**

As we've argued, the Credit Suisse example clearly shows quite clear that we need to steer well clear of the kind of "culture of impunity, secrecy, and clever chicanery" that helped to bring Credit Suisse down. In addition to conventional indicators of "systemic risk," the SEC and other bank regulators should also consider long-terms patterns of serial non-compliance.

- **A Segmented Approach to Regulation**

Indeed, we see this as an opportunity to establish a new framework for bank regulation that actually places more responsibility on the FIs themselves for avoiding misconduct -- and rewards them for maintaining good track records of compliance over time. This kind of "grey list" approach might have caught the Credit Suisse debacle early, and subjected that bank to tighter controls while there was still time.

[25] UBS stock was trading at $20.66 a share in June 2008. As of June 2023, about the time when UBS acquisition of Credit Suisse closed, it traded at $20.27. A year later, on June 30, 2024, it reached $30.44, for a 50 percent gain.

- **Restoring Public Confidence/ Proactive Monitoring**

We note that bank regulatory agencies like the SEC, DOJ, OCC, and DOL are always driving while looking in the rear-view mirror. In our experience, they spend relatively little effort trying to identify institutional problems before they arise.

Here, as we've seen, DOL failed to act on our warnings regarding the illegal processes that pervaded Credit Suisse before its collapse. That collapse put the world's financial system at risk of severe instability, yet the propensities were there for all to see. Given this disappointing track record, this time around, also very important to help restore public confidence in bank regulation by being as receptive to as much public input as possible.

¶ SPECIFIC CONCERNS ABOUT UBS AG

We also have many unanswered questions about UBS AG, especially now that it is charged with having to digest and "purge" Credit Suisse's badly broken corporate culture. Many of these vital questions may only really be adequately addressed at length in a public hearing.

Among the most important:

¶ **Are There Missing Convictions?** First, we note that Section 9(a) of the Investment Company Act of 1940 ("Act") unambiguously bars UBS from providing securities services with investment companies or as an investment company by virtue of criminal convictions, *unless* the SEC grants it a (permanent or at least temporary) waiver. UBS AG has indeed submitted this Application in order to such a waiver for one conviction. [26] However. there appear to be at least three more other recent convictions that UBS has neglected to consider in its Application, which may well also require SEC waivers. These include:

(1) A criminal conviction of CSSEL for one count of conspiracy to commit wire fraud (18 U.S.C. 1349), entered in the EDNY on July 22, 2022 (Case Number 1:21-cr-00520-WFK) (the "CSSEL/ Mozambique Conviction");

(2) A criminal conviction of UBS Securities Japan Co. Ltd. (Case number 3:12-cr-00268-RNC) in the U.S. District Court for the District of Connecticut, for one count of wire fraud in violation of (18 USC 1343) in connection with the rigging of Yen LIBO Rates and other benchmark interest rates;

[26] The UBS AG Application only briefly and superficially mentions one conviction. This is the guilty plea that was entered by Credit Suisse Services AG (the "Pleading Entity" or "CSSAG") in connection with a plea agreement (the "2025 Plea Agreement") between the Pleading Entity and the United States Department of Justice ("DOJ"). The 2025 Plea Agreement relates to a one-count criminal information that DOJ filed on May 19, 2014 in the District Court for the Eastern District of Virginia (the "Information") charging CS Bank with conspiracy to commit tax fraud related to accounts CS Bank established for U.S. cross-border clients in violation of Title 18, United States Code, Section 371. CS Bank waived indictment and pleaded guilty to the charge set out in the Information (the "2014 Plea") through a plea agreement dated May 19, 2014 (the "2014 Plea Agreement"). Hereafter "criminal conviction No 4."

(3) A criminal conviction against UBS AG (Case Number 3:15-cr-00076-SRU) in the U.S. District Court for the District of Connecticut for one count of wire fraud in violation of 18 U.S.C 1343, also in connection with UBS's submission of Yen LIBOR rates and other benchmark interest rates between 2001 and 2010.

¶ **Another Conviction in France?** Further, Section 9(b) of the Investment Company Act of 1940 ("Act") affords the SEC discretion to bar UBS AG from "US securities businesses" by virtue of foreign criminal convictions. This would include a February 20, 2019 criminal conviction of UBS and UBS France for money laundering and the facilitation of tax evasion (Case No. 1105592033), in the French First Instance Court, and a decision upholding that judgment.) UBS refused a settlement offer of around $1 billion in this case and elected to go to trial, where it was criminally convicted. The criminal conviction has since been irrevocably confirmed; only the penalty, around $2 billion, is under appeal.

All this implies that, under the law, UBS AG and its related parties may well be deemed to be disqualified from participating in any US securities business because its Notice of Application and Temporary Order only relates to one of just one of its **five** recent criminal conviction .

¶ **Does UBS Really Have Zero Tolerance for Facilitating Tax Crimes?** UBS claims that "criminal conviction No 4" is irrelevant by inventing the fiction that it has "zero tolerance" for such crimes. As we have argued, the fact is that both UBS and CS have been prosecuted time and again for similar tax crimes in the US, Germany, and France, with on-going investigations in Belgium. Indeed, it appears that abetting tax evasion by wealthy foreign clients, including many Americans, became the standard UBS/CS business model.

¶ **Too Big to Penalize?** UBS's Application claims that the law should not apply to it basically just because it is in effect, really big and important -- after all, it manages $6.2 trillion. UBS also claims that the law should not apply to it because it has committed several crimes in the past that were not punished by the SEC (!) -- and, by the way, the law is very old. This is frankly the baldest assertion of a kind of "Too Big and Important to Penalize" privilege we have ever seen. This is precisely the kind of purblind arrogance that caused the last financial crisis and the total collapse of Credit Suisse, and will doubtless contribute mightily to the *next* global financial crisis.

¶ **Solid Preventive Systems Now In Place?** UBS's Application claims that it now has "a robust system of controls that help ensure compliance." These must be fairly new. After all, as recent as 2021, in addition to the $5.5 billion that CS lost with Archegos, UBS incinerated another $1 billion by utterly ignoring its own policies. The touted "Risk controls are embedded at the first line of defense …. sounds like pure marketing to us. But we'd be delighted to explore these preventive systems in more detail at the requested hearing.

¶ **Too Big to Punish - VII?** Is size alone now an admissible corporate defense to criminal charges? UBS' Application appears to believe so. It claims that immediate disqualification of UBS US securities businesses would have an "adverse effect." Correct but irrelevant. Global

capital markets are comfortably large and efficient -- the value of the stocks traded on the NASDQ and NYSE stock exchanges is now nearly $100 trillion, and they only account for about 35 percent of the world's stock trades. UBS' and its clients would have at least a year to divest in an orderly manner. By contrast, we are seeking an intelligent approach where essential data can be examined via public electronic hearing from experts to end the dictatorial-style censorship blocking real economic insight. Note: all Swiss journalists now face 5 years' jail for investigating bank crimes. No doubt this has an "adverse effect" on the Swiss corporate crime rate.

¶ **Portfolio Performance?** UBS' Application also claims that its investment managers have achieved "strong relative performance." We would love to scrutinize this claim in an open hearing -- especially with respect to the actual returns achieved for the pension funds advised by UBS and CS QPAMs. How much are those privileges, and the violations of fiduciary obligations they enable, actually worth? For years we have warned the SEC that criminal banks co-mingle criminal profits with legitimate financial instruments, forcing honest banks to do the same.. This would be an opportunity to test the impact of serial bank misbehavior on investment returns.

¶ SO WHY NOT A PUBLIC HEARING?

All this argues for allowed a live "Zoom"-or WebX -type public hearing, where testimony can easily be taken from a far-flung network of international experts like ourselves and other members of the public, and a reasonable amount of discussion can occur.

Given the availability of relatively low-cost, secure on-line platforms like Zoom and WebX, the costs of holding such an online hearing would be modest.

A private closed doors in person hearing in Washington DC might be legally permissible, but we believe that it would not really satisfy the SEC's duty to protect the financial system.

We therefore request a public electronic hearing (e.g. by Zoom) to facilitate presentations by foreign experts and witnesses.

Not surprisingly, given what we've seen, UBS AG's Application reaches the opposite conclusion it goes so far as to request that there should not be any hearing at all. Clearly it favors the shadows and the ally-ways to the sunny field.

So exactly what is UBS AG afraid of? We think we know. Section 9(c) of the Investment Management Act clearly places the burden of proof on the Applicant -- UBS AG. Yet UBS AG has not even come close to presenting a credible rationale for granting this Application -- let alone any verifiable evidence. A public hearing would expose the House of Cards and the sheer *incredibility* of this pock-filled Application.

In summary, UBS has really declined to take seriously its obligations attached to the $30+ billion gift of the CS takeover. (Even after its collapse, CS's book value was around 59 billion francs about the time of the takeover.

So in our view, the SEC should either reject this "Application" outright or hold a public hearing. To grant it would represent a horrendous abuse of compliance. and yet another in a long series of missed opportunities to deter financial crime and prevent financial instability -- and also to encourage honest banking right here at home.

In any case, thanks to the SEC for affording us the opportunity to be heard.

Respectfully submitted,

[redacted]

James S. Henry, Esq., Co-Chair
United Against Money Laundering Coalition
Member, NY Bar ('79) [redacted]

(signed)

[redacted]

Mr. James S. Henry, Esq.
[redacted]

[redacted]

Dr. Paul M. Morjanoff
[redacted]

(signed)

[redacted]

Ms. Dagmar Frank

[redacted]

(signed)

[redacted]

Mr. John Christensen

[redacted]

Ms. Khadija Sharife

[redacted]

Mr. Ke Francis Karugu

[redacted]

Mr. Ralph Nader

[redacted]

CERTIFICATE OF SERVICE

I hereby certify that on 30 May 2025, a copy of the foregoing "Application for a Hearing re: SEC Release No. 35566; File No. 812-15779" was filed by email to Secretarys-Office@sec.gov

Notice of this filing was/will be sent to the following parties.

UBS's Attorneys:
Norm Champ, P.C.
[redacted]

Mark Filip, P.C.
[redacted]

Both above attorneys were contacted by phone and acknowledged that the document would be sent to their email addresses above.

UBS

Applicant: Patrick Shilling, telephone [redacted]

UBS AG, 11 Madison Avenue, New York, New York 10010.

UBS was contacted by phone at their official SEC registered phone number above. UBS promised to return the call with an email address for sending the document. At the time of filing, UBS had not replied. If no email address is provided, I will send a paper copy today by first-class U.S. Mail, postage prepaid, and properly addressed to: UBS AG, 11 Madison Avenue, New York, New York 10010.

SEC

I phoned and left a message with the SEC to confirm that the above arrangements are compliant with SEC requirements:

Christopher D. Carlson, Senior Counsel, or Daniele Marchesani, Assistant Chief Counsel, at (202) 551-6825 (Division of Investment Management, Chief Counsel's Office).

At the time of filing, the SEC had not replied. I am a registered attorney and believe in good faith that all filing requirements have been complied with. As an attorney, I also represent the other three parties who are co-applicants, for the purpose of filing this hearing request.

Attested:

[redacted]

Mr. James S. Henry, Esq.

[redacted]

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