United Against Money Laundering

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Via imocc@sec.gov
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Re: Commission's Notice of Application and Temporary Order, SEC File No. 812- 15779 / SEC Release No. 35566 (May 5 2025)

Dear Ms. Hunter-Ceci, Mr. Marchesani and Mr. Carlson:

With reference to UBS response letter dated 7 July 2025 (Norm Champ via olga.kamensky@kirkland.com), our responses will be divided between authors, according to their expertise, in the interest of speed and efficacy.

Please note that in the UBS response letter, major issues were ignored while peripheral issues were either incorrectly or inappropriately responded to.

Major Issues

The legislative history of Section 9 of the Act indicates that the purpose of the Section "was to get rid of persons with criminal records, persons who were under injunctions from the courts of competent jurisdiction for improper practices in connection with securities."[1]

We see in the UBS application[2] for permanent exemption around 5 pages (pp 17 – 22) listing numerous egregious offenses, often couched in euphemistic half-truths, trivializing the threats to markets.

This makes UBS precisely the correct target of Section 9.

[1] Investment Trusts and Investment Companies: Hearings on S. 3580 Before the Subcomm. on Securities and Exchange of the Senate Comm. on Banking and Currency, 76th Cong., 3d Sess. 874 (1940) (statement of Judge Healy).
[2] https://www.sec.gov/Archives/edgar/data/67037/000121390025039701/ea0240858-40appa_creditsuiss.htm

By example, consider the 2017 UBS LIBOR criminal conviction arising from breaking its previous plea agreement. The underlying conduct as described in the statement of facts is terrifying. The bank claimed[3] a "natural right" to criminally manipulate LIBOR, in a message copied to UBS senior management. Such a "natural right to crime" is an extreme danger to the markets.

UBS was convicted (3:15-cr-00076-SRU, Connecticut) on January 10, 2017, due to its breach of the LIBOR NPA (3:12-cr-00268-RNC, Connecticut).

Manipulation was so common that the FSA said every single Libor submission by UBS during the period it examined may have been tainted. Even worse:

Five separate internal audits by the bank's compliance department failed to pick up on the misbehaviour.

Whistleblowers report that they believe that UBS internal auditing has been corrupted.

In its application[4] UBS trivialized the matter as a mere allegation i.e. a misrepresentation[5]:

> *"certain foreign exchange market activity, alleging that UBS AG had devised and engaged in a scheme to defraud counterparties to interest rate derivatives by secretly manipulating benchmark interest rates …."*

In contrast, UBS's plea admitted[6]:

> *"UBS is pleading guilty because it is guilty of the charge contained in the Information. UBS admits, agrees, and stipulates that the factual allegations set forth in the Information are true and correct, that it is responsible for the acts of its present and former officers and employees ……"*

Several more misrepresentations could be quoted, but it is UBS's responsibility to resubmit its application for exemptions without material omissions, misrepresentations or distortion[7]. Otherwise, any exemption based on a flawed application could be declared invalid.

The modern process for executing this process involves:

1. Ascertaining the details of the illegitimate and illegal practices used by the bank. This includes various sophisticated strategies of obstruction, evidence destruction, stonewalling, intimidation, abuse of secrecy jurisdictions, lying, whistle-blower harassment, etc.
   The first essential step is to call a public electronic hearing, accessible to witnesses around the world, as we have requested, to catalogue issues to be addressed.
2. From this, an appropriate set of conditions, monitoring, audits and compliance regimes can be assessed.
3. A temporary exemption can then be determined with re-assessment at the end of the term. (Only UBS has considered a sudden permanent disqualification. We have ignored this as a distraction.)

We note that UBS has a poor history of complying with plea agreements. Credit Suisse required installation of years-long monitoring[8] at a cost of around CHF1 billion ($1.26 billion) which complained of poor

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[3] Plea agreement, point 74 page 60, 3:15-cr-00076-SRU, Connecticut, Document 6.
[4] UBS application page 18
[5] Violating 18 U.S.C. § 1001, False Statements.
[6] Plea agreement, point 14 page 7, 3:15-cr-00076-SRU, Connecticut, Document 6.
[7] 18 U.S.C. § 1001 sets the bare minimum standard.
[8] Neil Barofsky, https://www.jenner.com/en/people/neil-m-barofsky

cooperation from the bank. In the end, even this failed to prevent the current criminal conviction (which broke the relevant plea agreement).

After that, the same monitor was re-appointed to investigate hidden Nazi bank accounts which had been concealed from previous investigations[9] by the bank. The monitor (Neil Barofsky) accused Credit Suisse bankers of failing to adequately cooperate, was fired, but reappointed following the bank's collapse.

The Senate Budget Committee confirmed the bank's on-going obstruction even 70 to 80 years after the end of the Nazi regime. Internal bank documents confessed that previous disclosures were "rather sanitized".

Over $2 billion spent on investigations and monitoring failed to stop bank crime in the above two cases.

It is difficult to ignore the bank's perceived "entitlement" for the "natural right" to crime.

UBS and Tax Evasion

Fundamental to the UBS application was its assertion *without evidence* that UBS has a zero tolerance for tax evasion. Credibility for such statements by Swiss banks is poor.

Even the Swiss bankers' union said that tax evasion was a "business model" used by Swiss banks.

The claim echoes Credit Suisse's years of empty promises, (even concurrent with the current criminal conviction). While no supporting evidence was offered, abundant contrary evidence is available:

The double standards employed to covertly "permit" tax evasion[10] are described in this whistle-blower's report. The independent report[11] into Credit Suisse's $5.5 billion loss from the Archegos collapse confirmed that the silo-ed management system enabled gross blindness: "The business was focused on maximizing short-term profits and failed to rein in and, indeed, enabled Archegos' voracious risk-taking."

On *March 10 this year,* UBS was found guilty of harassing two tax whistleblowers:

> *"A UBS Group AG unit was found guilty by a French court of harassing two whistleblowers who lifted the lid on the bank's efforts to help wealthy locals dodge taxes. ….. "UBS was trying to bully its employee," the lead Paris judge said."*

In October 2022, its (now) subsidiary Credit Suisse, paid $234 million to settle a French tax fraud investigation.

A year ago, UBS paid $400 million to Germany for its involvement in helping German clients hide money from tax authorities. UBS is also accused of aiding account holders from France and Belgium in hiding their money from domestic tax authorities.

USA v. UBS Securities LLC et al, E NY CASE: 1:18-cv-06369-RPK-PK

The US Complaint described fiduciary fraud on an industrial scale. This was closed 08/18/2023 with a settlement payment by UBS of $1.435 billion. However, the persecution of UBS whistleblower Trevor Murray

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[9] Prior intensive investigations, such as the Bergier and Volcker Commissions.
[10] E.g. through deliberate ignorance, wilful blindness and silo-ed management constructs where staff knowledge is strictly limited to a "needs to know basis".
[11] Pages 9 – 180 CS Group AG Form 6-K July 29, 2021. The report appears unavailable on the web at normal locations.

described below presents persuasive evidence that UBS is more interested in concealing wrongdoing than in genuinely correcting it and compensating its victims.

Murray v. UBS Securities, LLC, 601 U.S. 23 (2024)

UBS whistleblower Trevor Murray was asked by USB management to distort his analyst reports, i.e. to lie. Murray was required by SEC regulations[12] to certify that his reports were produced independently and that they accurately reflected his own views. Specifically, Murray was required to "include in [his] research report[s] a clear and prominent certification . . . containing . . . [a] statement attesting that all of the views expressed in the research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and . . . [a] statement attesting that no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by the research analyst in the research report."

I.e., Murray was pressured to commit the same type of fraud UBS was prosecuted for in the above case. He refused, as was his legal obligation and has been persecuted since then.

If the SEC wants bank staff to comply with its laws, it must intervene in this case e.g. with amicus brief/s emphasizing it will support bank staff who respect the law. Otherwise, its passive tolerance of whistleblower abuse could be used as a defense against prosecution and rightly so.

Murray was unwilling to talk further because of the years-long legal harassment through endless hair-splitting court cases. UBS legal intimidation of a whistle-blower successfully shut him up.

Credit Suisse / UBS / TNST Fraud / Embezzlement

This used US securities, clearing houses and brokers in a fraud/embezzlement. The regulator's report stated that the money was taken ("stolen") without authorization. UBS has been notified with offers of investigation reports 30 times including by registered mail. It has refused to respond or examine the evidence, apparently choosing deliberate ignorance.

Our Swiss lawyer phoned the UBS general counsel office asking why?
He was told: "UBS does not want to reply".

Fictitious trading, fake share certificates, hacking of the website, and wholesale obstruction of the police investigation were thoroughly documented and reported to the bank who refused to respond.

Multiple cases of obstruction and stonewalling could be brought to a hearing. Together, this is persuasive evidence that UBS is more interested in concealing wrongdoing than in genuinely correcting it or compensating its victims.

Archegos: UBS Risk Control Missing

UBS lost $861 million in the Archegos collapse but testimony by the relevant UBS manager at the Bill Hwang trial intimated that the mandatory two or three independent lines of risk management simply did not exist. Supervision and compliance were compromised, apparently in a desire for profit which trumped compliance but unravelled. We have seen no serious explanation from UBS.

A hearing could show elsewhere where supervision and compliance were compromised.

[12] 17 C.F.R. § 242.501(a).

Evasion of Regulatory Oversight

Multiple issues have already been briefly outlined and many more could be presented at a public hearing. Wrongdoing by UBS has not ceased but its concealment has become more sophisticated. Further issues include:

Violating Federal Recordkeeping Rules

Case 1

In September 2022, UBS and Credit Suisse were each fined $200 million ($125 million to the SEC + $75 million to the CFTC) for using WhatsApp and other unauthorized messaging apps. These allowed staff to make secret illegitimate arrangements which were not recorded. WhatsApp had a "disappearing message option" so that even if the phone were subpoenaed, the messages would be destroyed.

However, senior managers at Credit Suisse (who are now working for UBS) continued to use these apps.

They even encouraged staff to turn on disappearing messages for anything work related as being a "good idea", despite being required to work under SEC and USA regulations. A whistleblower who worked at Credit Suisse at the time can supply further names and details to the SEC.

Case 2

A UBS wealth manager / managing director (Ira Walker) allegedly abused his position by having an affair with a client's wife (breaking up their marriage)[13] and tricked[14] the client (Richard Kallman) to agree to damaging financial arrangements in 2023 without disclosing his conflict of interest[15], namely his extra-marital affair.

Note:

- UBS does not disclose to clients the real risk that their managers may have an affair with a client's partner. Perhaps they should as an actual risk factor?
- SEC regulations required the UBS wealth manager to pitch investments which were in the clients' "best interest." Clearly, this did not take place here.
- UBS typically requires a compulsory arbitration clause in the UBS Client Relationship Agreement ("CRA"), which limits the client's legal rights.
- UBS is reportedly "standing by" Walker and has not intervened to assist Kallman.

The UBS manager Walker is alleged to have engaged in numerous improper attempts to influence and control the divorce proceedings[16], including demanding money from Kallman, making demanding calls to Kallman's employer and brother, making false allegations to the police, and using ethnic slurs to refer to Kallman's divorce attorney. Walker is also accused of having made distributions from the Trust without Kallman's consent in violation of the Trust terms.

Walker allegedly threatened Kallman's lawyer, Frank LaRocca with physical violence: "Tell LaRocca that it

[13] Bloomberg report published March 19, 2025. Above summary is general, consult the sources for precise details.
[14] Allegedly "fraudulently induced".
[15] Details at Supreme Court of the State of New York, New York County, Index No. 655193/2024 of 5/22/2025.
[16] Allegedly to extort extra money in the divorce proceedings and to "buy favor" with the couple's children

could be dangerous to his health while he is walking from his office to his car." A police report describing the alleged outburst notes that the wife's lawyer didn't want to serve in that capacity anymore following the incident.

The UBS manager Walker allegedly used his private email for some relevant financial communications, violating federal recordkeeping rules.

These events took place after the September 2022 $200 million penalties for just such abuse.

Considering the unsavoury nature of the situation, the adverse inference might be that Walker intended obstruction of any future investigation into his conduct by using unauthorized messaging apps.

A witness at the French UBS whistleblower harassment trial referred to UBS as a mafia-like organization. The judge described UBS as a bully. These comments connect with the above behaviour of the UBS wealth manager, and the persecution / harassment of whistleblowers Trevor Murray, Stephanie Gibaud and auditor Nicolas Forissier.

UBS has spent millions of dollars in legal costs on minor matters where the predominant motive would appear to be intimidation of truth-telling victims and whistleblowers. UBS has a serious case to answer.

Case 3

Extensive allegations of UBS misconduct, stonewalling, lack of documentation and intimidation consistent with the above "mafia-like" analogy will be brought by Irina Tsreva by a separate submission. The well-documented allegations extend to fictitious trading on wholesale basis. Corresponding fictitious trading was also thoroughly documented and reported to the bank, SEC and FINMA regarding the Credit Suisse / UBS / TNST Fraud / Embezzlement.

Other Relevant Issues

French Tax Conviction

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 can include the 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.

We submit that the SEC should exercise its discretion. It would force UBS to submit to evaluation and to seek an exemption. Only then could its unsupported claim of zero tolerance for tax evasion be properly examined.

Investment Company Act – UBS Disqualifications

UBS has been disqualified under the Investment Company Act nine times between 2009 and 2015. It was given an exemption every time, *the last one being 16 June 2015 (31672).* There was one relevant conviction after that:

CSSEL/ Mozambique Conviction

The 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").

UBS inherited the criminal convictions from Credit Suisse, but not its exemptions. Hence UBS remains barred from US Securities business regardless of the outcome of the current application.

The collateral damage from this crime – millions of lives destroyed, US Pension funds defrauded – ought reasonably invoke humility and remorse by UBS, following its $30+ billion surplus through the CS acquisition.

The CS acquisition included the obligation to meet its liabilities, especially those created by misconduct.

Instead, we see totally inappropriate stonewalling, persecution, and harassment of victims and whistleblowers.

It is difficult to ignore the bank's perceived "entitlement" to the "natural right" to crime.

To grant the UBS application as requested would be an extreme abuse of moral hazard and of the SEC's raison d'etre.

It represents unconscionable conduct unsuited for US Securities businesses.

Yours sincerely,

United Against Money Laundering (UAML)

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