



Former Citigroup and UBS Trader Convicted in Libor Case

By **CHAD BRAY** AUG. 3, 2015

LONDON — Tom Hayes, a former trader at Citigroup and UBS, was convicted Monday on eight counts of conspiring to manipulate a global benchmark interest rate known as Libor, bolstering efforts by prosecutors here to pursue financial wrongdoing.

Shortly after the verdict, Mr. Hayes was sentenced to 14 years in prison.

The verdict came more than three years after a conspiracy among traders to manipulate the London interbank offered rate, or Libor, first came to light.

The ensuing scandal has led to billions of dollars in fines and has rocked the reputations of some of the world's biggest banks, including Barclays, the Royal Bank of Scotland, UBS and Deutsche Bank.

Mr. Hayes, 35, was the first person to go to trial in Britain on criminal charges related to Libor manipulation, and his case was seen as a bellwether for British authorities, who have been criticized in the United States for not being as aggressive as the Justice Department when it comes to pursuing financial crime.

A second trial of former traders who have been accused of conspiring with Mr. Hayes is set for September on charges related to the manipulation of Libor. A third trial of other individuals accused of manipulating Libor as it relates to the United States dollar is set for January.

“The jury were sure that in his admitted manipulation of Libor, Hayes was indeed dishonest,” David Green, the director of the Serious Fraud Office, said in a news release. “The verdicts underline the point that bankers are subject to the same standards of honesty as the rest of us.”

The jury reached its verdict after a week of deliberations.

Justice Jeremy Cooke sentenced Mr. Hayes to serve nine and a half years in prison on four counts of conspiracy, to be followed by another four and a half years in prison on the remaining four counts for 14 years in total. Mr. Hayes faced as much as 10 years in prison on each count.

A lawyer for Mr. Hayes did not immediately respond to a request for comment on Monday.

The Serious Fraud Office, a British agency that investigates fraud, had accused Mr. Hayes of being a ringleader among more than a dozen traders in what authorities said was a brazen scheme to manipulate Libor, which helps determine the borrowing costs for trillions of dollars in loans. He was accused of misconduct engaged in from 2006 to 2010.

Mr. Hayes's lawyers had argued that he was open about his conduct and did not believe at the time that he was acting dishonestly.

To set Libor and other rates, banks submit the rates at which they would be prepared to lend money to one another, on an unsecured basis, in various currencies and at varying maturities.

During the trial, Mr. Hayes had an assistant on hand because of a diagnosis of mild or very mild Asperger's syndrome, according to the court, and was allowed to sit at the back of the courtroom, rather than in the dock.

The evidence against Mr. Hayes included 82 hours of voluntary testimony that prosecutors said he provided to the Serious Fraud Office over five months. The authorities said he admitted to rigging rates and provided testimony against many former friends and colleagues, including his half brother.

Mr. Hayes testified during the trial that he decided to cooperate with British authorities because he feared being extradited to the United States, where he is also facing criminal charges, and wanted to remain close to his wife and child.

After providing the voluntary testimony to British authorities, Mr. Hayes stopped cooperating with prosecutors in 2013 and chose to plead not guilty to the charges in Britain.

During the two-month trial, Mukul Chawla, the prosecutor, accused Mr. Hayes of being part of a larger ring of about 25 traders at 16 banks, some of whom face separate trials or are under investigation.

Mr. Chawla said that Mr. Hayes routinely “behaved in a thoroughly dishonest and manipulative manner” and was at the “epicenter” of the illicit behavior, calling him a “ringmaster.”

Mr. Hayes worked at the Royal Bank of Scotland and Royal Bank of Canada before joining UBS in 2006, where he worked in Tokyo trading yen derivatives. In 2009, Citigroup lured him away with a multimillion-dollar deal, but he was terminated by the bank the next year.

His lawyers argued that Mr. Hayes did not believe his conduct was dishonest, saying that he made no effort to hide his actions. In his voluntary testimony, Mr. Hayes told the authorities that the practice was “widespread” and “blatant” in the industry.

A version of this article appears in print on August 4, 2015, on page B3 of the New York edition with the headline: Ex-Trader Is Convicted in Rate-Rigging Case.